

U.S. Affiliates of Foreign Companies

Operations in 2003

By William J. Zeile

PRELIMINARY results from the Bureau of Economic Analysis' latest annual survey of foreign direct investment in the United States (FDIUS) indicate that growth in the current-dollar value added of majority-owned nonbank U.S. affiliates of foreign companies slowed in 2003, following a sharp rebound in 2002. However, employment by affiliates decreased for the third consecutive year, partly as a result of foreign selloffs of U.S. companies. Acquisitions of new affiliates continued to lag behind the levels reached in previous years.

In 2003, the current-dollar value added of majority-owned nonbank U.S. affiliates ("U.S. affiliates") increased 6 percent, from \$461 billion to \$486 billion,

following a 10-percent increase in 2002 (table 1).¹ In comparison, total U.S. current-dollar value added in nonbank private industries increased 5 percent, compared with a 4-percent increase in 2002. As a result, after increasing in 2002, the affiliate share of value added in private industries remained virtually flat in 2003, at 5.8 percent, just below the 5.9-percent peak reached in 2000 (chart 1).

As in 2002, the increase in affiliate value added in 2003 largely resulted from expansions in existing affiliate operations rather than from new foreign investment, which remained below the levels reached in 1998–2000.² The slowdown in growth for affiliates in

Table 1. Value Added and Employment of Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988–2003

	Value added		Employment	
	Millions of dollars	As a percentage of U.S. private industry value added	Thousands of workers	As a percentage of U.S. private industry employment
1988	146,424	3.8	3,119.0	3.5
1989	168,547	4.0	3,573.4	3.9
1990	190,477	4.3	3,841.7	4.2
1991	207,126	4.6	3,991.3	4.4
1992	214,781	4.5	3,903.9	4.3
1993	223,008	4.4	3,851.7	4.1
1994	244,690	4.5	3,954.0	4.1
1995	254,938	4.5	4,022.6	4.0
1996	283,422	4.7	4,155.6	4.1
1997	313,655	4.9	4,269.1	4.1
1998	353,860	5.2	4,669.5	4.3
1999	397,295	5.6	5,064.3	4.6
2000	447,287	5.9	5,656.5	5.0
2001	417,122	5.4	5,594.3	4.9
2002 ^r	460,609	5.8	5,425.4	4.9
2003 ^p	486,344	5.8	5,253.0	4.7

Percent change from preceding year:				
1989	15.1	.....	14.6	.....
1990	13.0	.....	7.5	.....
1991	8.7	.....	3.9	.....
1992	3.7	.....	-2.2	.....
1993	3.8	.....	-1.3	.....
1994	9.7	.....	2.7	.....
1995	4.2	.....	1.7	.....
1996	11.2	.....	3.3	.....
1997	10.7	.....	2.7	.....
1998	12.8	.....	9.4	.....
1999	12.3	.....	8.5	.....
2000	12.6	.....	11.7	.....
2001	-6.7	.....	-1.1	.....
2002 ^r	10.4	.....	-3.0	.....
2003 ^p	5.6	.....	-3.2	.....

^p Preliminary.

^r Revised.

NOTE: For improved comparability with U.S.-affiliate value added, U.S. private industry value added was adjusted to exclude value added in depository institutions and private households, imputed rental income from owner-occupied housing, and business transfer payments.

For the latest estimates of U.S. private industry value added, see Erich H. Strassner and Thomas F. Howells III, "Annual Industry Accounts: Advanced Estimates for 2004," SURVEY OF CURRENT BUSINESS 85 (May 2005): 7–19.

For improved comparability with U.S.-affiliate employment, U.S. private industry employment was adjusted to exclude employment in depository institutions and private households. For consistency with the coverage of the data on U.S. private industry employment, U.S.-affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate total when the employment shares were computed.

1. This article focuses on the operations of nonbank U.S. affiliates that are majority-owned by foreign direct investors. The Bureau of Economic Analysis (BEA) also collects annual data on the operations of nonbank U.S. affiliates that are owned 50 percent or less by foreign direct investors; however, beginning with the 2002 benchmark survey, the data for these affiliates are less extensive than the data for majority-owned affiliates. (Data on the operations of bank affiliates are collected only in benchmark survey years.) Selected data on the operations of all (majority-owned and minority-owned) nonbank U.S. affiliates are presented in tables that can be accessed on BEA's Web site at <www.bea.gov/bea/di/di1fdiop.htm>. In 2003, majority-owned nonbank U.S. affiliates accounted for 92 percent of the employment of all nonbank U.S. affiliates.

2. According to data from BEA's survey of new foreign investments, outlays by foreign direct investors to acquire or establish businesses in the United States, which exceeded \$200 billion in each year in 1998–2000, totaled \$55 billion in 2002 and \$64 billion in 2003. The outlays for new investment had peaked at \$336 billion in 2000 before falling to \$147 billion in 2001; see Thomas W. Anderson, "Foreign Direct Investment in the United States: New Investment in 2004," SURVEY OF CURRENT BUSINESS 85 (June 2005): 30–37.

Chart 1. Majority-Owned Nonbank U.S.-Affiliate Share of Value Added in Private Industries, 1988–2003



2003 partly represented a dampening of momentum from the quick rebound in 2002, following a 7-percent drop in value added in 2001. Several affiliates that had experienced large increases in value added in 2002 experienced much slower growth in 2003; for most of these affiliates, the large increases in 2002 reversed reductions in value added in 2001. In addition, the slowdown in 2003 reflected selloffs of foreign ownership interests in a number of U.S. companies, including subsidiary units of large affiliates.³

Reductions in foreign ownership—through selloffs and through company reorganizations—were primarily responsible for the 3-percent drop in affiliate employment in 2003, which followed decreases of 3 percent in 2002 and 1 percent in 2001. Reductions in employment associated with ongoing affiliate operations also contributed to the decrease in 2003 but were less prominent than those in 2002. Total U.S. employment in private industries, which had decreased more than 1 percent in 2002, decreased 0.5 percent in 2003. The affiliate share of private industry employment thus decreased, from 4.9 percent in 2002 to 4.7 percent

3. In a number of cases, however, the units that were sold off were poorly performing units whose contributions to affiliate value added may have been limited.

in 2003.⁴

The following are additional highlights of the operations of U.S. affiliates in 2003.

- By country of ownership, the United Kingdom remained the largest investing country as measured by affiliate value added, followed by Japan and Germany. The Netherlands' rank increased from fifth to fourth. France ranked fifth.
- By industrial sector, affiliates' shares of U.S. employment were highest in mining and in manufacturing. Affiliates' shares increased substantially in the utilities and information sectors and decreased substantially in transportation and warehousing and in mining (where the share remained high).
- By state, the affiliate share of U.S. employment was highest in South Carolina, followed by Hawaii. South Carolina also had the highest share in 2002; before 2002, the affiliate share had been highest in Hawaii.
- Affiliates continued to account for large shares of U.S. exports and imports of goods. The affiliate

4. Because U.S. affiliates tend to be concentrated in industrial sectors with relatively high value added per employee (such as manufacturing and wholesale trade), their share of U.S. employment has consistently been lower than their share of U.S. value added.

Key Terms

The following key terms are used to describe U.S. affiliates of foreign companies and their operations.

U.S. affiliate. A U.S. business enterprise in which there is foreign direct investment—that is, in which a single foreign person owns or controls, directly or indirectly, 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. “Person” is broadly defined to include any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization and any government (including any corporation, institution, or other entity or instrumentality of a government). A “foreign person” is any person that resides outside the United States—that is, outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions.

Majority-owned U.S. affiliate. A U.S. affiliate that is owned more than 50 percent by foreign direct investors.

Foreign parent. The first person outside the United States in a U.S. affiliate's ownership chain that has a direct investment interest in the affiliate.

Ultimate beneficial owner (UBO). That person, proceeding up a U.S. affiliate's ownership chain, beginning with and including the foreign parent, that is not owned more than 50 percent by another person. Unlike the foreign parent, the UBO of an affiliate may be located in the United States. The UBO of each U.S. affiliate is identified

to ascertain the person that ultimately owns or controls the U.S. affiliate and that therefore ultimately derives the benefits from ownership or control.

Foreign parent group. Consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, up to and including the UBO, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

Value added. The contribution to U.S. gross domestic product, which is the market value of the goods and services produced by labor and property located in the United States. Value added can be measured as gross output (sales or receipts and other operating income plus inventory change) minus intermediate inputs (purchased goods and services). Alternatively, it can be measured as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production. The value-added estimates for U.S. affiliates were prepared by summing cost and profit data collected in the annual and benchmark surveys of foreign direct investment in the United States. The estimates are measures of gross value added rather than measures of net value added because they are calculated without the deduction for the consumption of fixed capital used in production.

The estimates of value added of U.S. affiliates are conceptually consistent with BEA's estimates of U.S. value added by industry.

share of exports increased from 20 percent in 2002 to 21 percent in 2003; the affiliate share of imports decreased from 29 percent to 28 percent.

This article examines changes in the value added, employment, and trade in goods of U.S. affiliates in 2003, particularly as they relate to changes in the corresponding totals for the U.S. economy. For each of these measures, changes in affiliate operations are examined both in the aggregate and by major investing country. For value added, the changes are also examined by industry of affiliate, and for employment, the affiliate shares of the economy are examined by industry and by state. Several additional measures of U.S.-affiliate operations are presented in tables at the end of this article.

Value Added

In 2003, the current-dollar value added of majority-owned nonbank U.S. affiliates increased 6 percent, from \$461 billion to \$486 billion. In comparison, total U.S. current-dollar value added in private nonbank industries increased 5 percent.⁵ The share of U.S. value

5. The rate of change in U.S. value added in private industries serves as a convenient benchmark against which the increase in U.S.-affiliate value added can be evaluated. However, the two growth rates are not strictly comparable, because the growth rate of U.S.-affiliate value added partly reflects changes in ownership that do not represent changes in production for the whole economy. Similarly, changes in U.S.-affiliate employment, exports, and imports partly reflect changes in ownership. Thus, they are not strictly comparable with the corresponding changes for the whole economy.

added in private industries accounted for by affiliates remained unchanged, at 5.8 percent.

By country of ownership

In 2003, more than three-fourths of the value added of majority-owned nonbank U.S. affiliates was accounted for by affiliates with ultimate beneficial owners (UBOs) in seven major investing countries: Canada, France, Germany, Japan, the Netherlands, Switzerland, and the United Kingdom (table 2 and chart 2). As in

Chart 2. Investing-Country Shares of Value Added of U.S. Affiliates, 2003

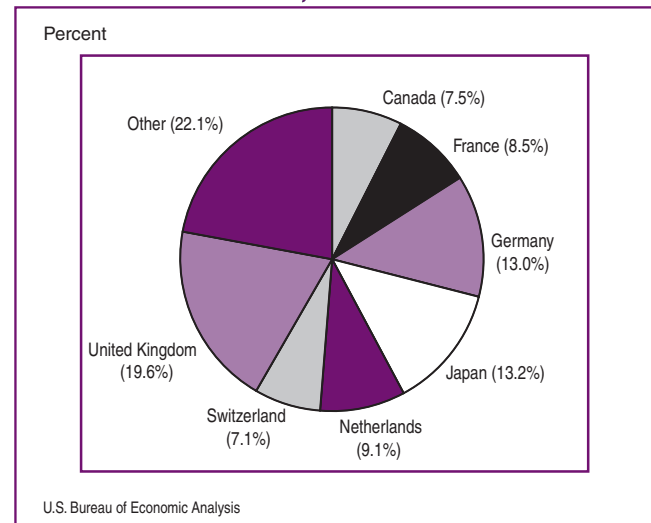


Table 2. Value Added of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 1998–2003

	Millions of dollars						Percentage of all-countries total						Percent change in affiliate value added, 2002–2003
	1998	1999	2000	2001	2002	2003	1998	1999	2000	2001	2002	2003	
All countries	353,860	397,295	447,287	417,122	460,609	486,344	100.0	100.0	100.0	100.0	100.0	100.0	5.6
Canada	34,174	36,400	36,928	31,702	35,496	36,279	9.7	9.2	8.3	7.6	7.7	7.5	2.2
Europe	228,775	261,473	299,251	270,144	299,965	318,778	64.7	65.8	66.9	64.8	65.1	65.5	6.3
Belgium	(D)	5,177	5,526	5,925	6,997	6,998	(D)	1.3	1.2	1.4	1.5	1.4	0.0
Denmark	931	884	1,282	1,188	2,738	3,014	0.3	0.2	0.3	0.3	0.6	0.6	10.1
Finland	2,727	(D)	3,218	(D)	3,877	3,738	0.8	(D)	0.7	(D)	0.8	0.8	-3.6
France	25,268	31,790	38,763	35,444	40,947	41,175	7.1	8.0	8.7	8.5	8.9	8.5	0.6
Germany	57,975	61,569	51,524	46,882	59,434	63,239	16.4	15.5	11.5	11.2	12.9	13.0	6.4
Ireland	(D)	(D)	(D)	3,109	3,291	3,569	(D)	(D)	(D)	0.7	0.7	0.7	8.5
Italy	(D)	4,149	4,765	4,665	5,824	5,565	(D)	1.0	1.1	1.1	1.3	1.1	-4.5
Netherlands	26,094	31,482	43,745	36,188	39,102	44,281	7.4	7.9	9.8	8.7	8.5	9.1	13.2
Sweden	8,680	10,559	10,678	10,803	11,972	12,163	2.5	2.7	2.4	2.6	2.6	2.5	1.6
Switzerland	22,798	25,996	35,225	29,097	30,809	34,417	6.4	6.5	7.9	7.0	6.7	7.1	11.7
United Kingdom	70,602	80,391	98,282	89,151	90,124	95,308	20.0	20.2	22.0	21.4	19.6	19.6	5.8
Other	3,207	4,046	(D)	(D)	4,850	5,310	0.9	1.0	(D)	(D)	1.1	1.1	9.5
Latin America and Other Western Hemisphere	15,732	19,120	25,036	30,075	36,737	37,165	4.4	4.8	5.6	7.2	8.0	7.6	1.2
Bermuda	(D)	8,566	11,697	14,949	21,745	20,800	(D)	2.2	2.6	3.6	4.7	4.3	-4.3
Mexico	1,488	1,447	2,746	2,660	3,299	3,014	0.4	0.4	0.6	0.6	0.7	0.6	-8.7
United Kingdom Islands, Caribbean	1,034	1,577	1,658	2,022	1,995	2,395	0.3	0.4	0.4	0.5	0.4	0.5	20.0
Venezuela	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Africa	(D)	1,211	1,051	(D)	981	1,050	(D)	0.3	0.2	(D)	0.2	0.2	7.1
Middle East	2,460	2,131	2,402	8,308	7,439	8,341	0.7	0.5	0.5	2.0	1.6	1.7	12.1
Saudi Arabia	346	500	328	6,307	5,105	5,558	0.1	0.1	0.1	1.5	1.1	1.1	8.9
Other	2,114	1,631	2,074	2,000	2,334	2,783	0.6	0.4	0.5	0.5	0.5	0.6	19.3
Asia and Pacific	68,005	71,836	77,594	69,960	74,947	79,111	19.2	18.1	17.3	16.8	16.3	16.3	5.6
Australia	5,642	7,216	6,109	6,224	6,565	8,209	1.6	1.8	1.4	1.5	1.4	1.7	25.0
Japan	56,291	57,622	63,622	57,735	61,099	64,025	15.9	14.5	14.2	13.8	13.3	13.2	4.8
Korea, Republic of	1,463	1,957	2,372	1,303	2,094	2,069	0.4	0.5	0.5	0.3	0.5	0.4	-1.2
Other	4,609	5,041	5,491	4,698	5,188	4,808	1.3	1.3	1.2	1.1	1.1	1.0	-7.3
United States	(D)	5,124	5,024	(D)	5,044	5,620	(D)	1.3	1.1	(D)	1.1	1.2	11.4

D Suppressed to avoid disclosure of data of individual companies.

every other year since 1977 (the initial year covered by BEA's annual surveys of U.S.-affiliate operations), the largest investing country in terms of affiliate value added was the United Kingdom; in 2003, British-owned affiliates accounted for 20 percent of the value added of all majority-owned U.S. affiliates and for 1 percent of total U.S. value added in private industries. Japanese- and German-owned affiliates accounted for the next largest shares of affiliate value added (13 percent each).

For each of the seven major investing countries, the value added of affiliates increased in 2003. In percent-

age terms, the increases were most pronounced for affiliates with UBOs in the Netherlands and Switzerland. For Netherlands-owned affiliates, value added increased 13 percent, pushing the Netherlands ahead of France to rank as the fourth-largest investing country in 2003; much of this increase reflected improvements in the operating performance of Netherlands-owned affiliates in the insurance and petroleum refining industries.⁶ The value added of Swiss-owned affiliates

6. The Netherlands also ranked as the fourth-largest investing country in 2000–2001; in 2002, France ranked as the fourth-largest investing country.

Data on Foreign Direct Investment in the United States

BEA collects three broad sets of data on foreign direct investment in the United States (FDIUS): (1) Financial and operating data of U.S. affiliates, (2) data on U.S. businesses newly acquired or established by foreign direct investors (new investment data), and (3) international transactions (balance of payments) and direct investment position data. This article presents the financial and operating data. The new investment data were published in "Foreign Direct Investment in the United States: New Investment in 2004" in the June 2005 issue of the *SURVEY OF CURRENT BUSINESS*. The international transactions and direct investment position data were published in the articles "The International Investment Position of the United States at Yearend 2004," "U.S. International Transactions: First Quarter of 2005," and "Direct Investment Positions for 2004: Country and Industry Detail," in the July 2005 *SURVEY*.

Each of the three data sets focuses on a distinct aspect of FDIUS. The financial and operating data provide a picture of the overall activities of the U.S. affiliates; the new investment data provide information about U.S. businesses that are newly acquired or established by foreign direct investors, regardless of whether the invested funds were raised in the United States or abroad; and the international transactions and direct investment position data cover foreign investors' transactions with, and positions in, both new and existing U.S. affiliates.¹

Financial and operating data of U.S. affiliates. The data on the overall operations of U.S. affiliates are collected in BEA's annual and benchmark surveys of FDIUS.

1. For a more detailed discussion of the differences between these three sets of data, see Alicia M. Quijano, "A Guide to BEA Statistics on Foreign Direct Investment in the United States," *SURVEY* 70 (February 1990): 29–37; <www.bea.gov/bea/mp_international.htm>.

For a comparison of the data on affiliate operations with the data on new investment, see the appendix "Sources of Data" in Mahnaz Fahim-Nader and William J. Zeile, "Foreign Direct Investment in the United States: New Investment in 1994 and Affiliate Operations in 1993," *SURVEY* 75 (May 1995): 68–70; <www.bea.gov/bea/pubs.htm>.

Benchmark surveys are BEA's most comprehensive surveys of foreign direct investment in terms of both coverage of companies and subject matter and are conducted every 5 years. The data cover U.S. affiliates' balance sheets and income statements, employment and compensation of employees, trade in goods, research and development expenditures, sources of finance, and selected data by state. In addition, the value added of affiliates is estimated from data reported in these surveys.

Except in benchmark survey years, these data, unlike the new investment data, cover only nonbank affiliates. The financial and operating data for affiliates are on a fiscal year basis. The data cover the entire operations of the U.S. affiliate regardless of the percentage of foreign ownership.

New investment data. The data on outlays by foreign direct investors to acquire or establish affiliates in the United States are collected on a calendar year basis in BEA's annual survey of new FDIUS. In addition, the surveys of new investment collect selected data on the operations of the newly acquired or established affiliates. For newly acquired affiliates, these data are for (or as of the end of) the most recent fiscal year preceding the acquisition, and for newly established businesses, they are projected for (or as of the end of) the first year of operation. The data cover the entire operations of the business irrespective of the percentage of foreign ownership.

International transactions and direct investment position data. These data are collected in the quarterly surveys of FDIUS. The data cover the U.S. affiliate's transactions and positions with its foreign parent and with other members of its foreign parent group, so these data focus on the foreign parent's share, or interest, in the affiliate rather than on the affiliate's overall size or level of operations. The major items included in the U.S. international transactions (balance of payments) accounts are direct investment financial flows, direct investment income, royalties and license fees, and other services transactions with the foreign parent group.

increased 12 percent, largely as a result of increased sales by affiliates in the insurance, nonbank finance, and pharmaceutical manufacturing industries.

For Canadian-, French-, and German-owned affiliates, value added increased at a substantially slower pace in 2003 than in 2002. For all three countries, the robust growth rates in 2002 reversed decreases in value added in 2001; these reversals (and the subsequent slowdowns in growth in 2003) were particularly pronounced for several affiliates in the manufacturing and information sectors.

Among other investing countries, the value added of Australian-owned affiliates increased 25 percent, reflecting both new acquisitions and increased production by existing affiliates. For affiliates with UBOs in the "United Kingdom Islands, Caribbean," value added increased 20 percent, mainly because of expanded sales by existing affiliates.

Affiliate value added decreased 9 percent for affiliates with UBOs in Mexico and decreased 4 percent for affiliates with UBOs in Bermuda. For both countries, the decreases reflected reductions in sales by several large affiliates. For Bermuda-owned affiliates, much of the decrease can also be attributed to affiliate selloffs. The decrease in 2003 marked the first decrease in value added for Bermuda-owned affiliates since 1991. In 1997–2002, the value added of Bermuda-owned affiliates increased more than sixfold, partly as a result of inversions in ownership for multinational companies that had previously been headquartered in the United

States or that had been units of U.S.-headquartered companies.⁷

By industry of affiliate

In 2003, affiliates in manufacturing accounted for 47 percent of the value added of all majority-owned nonbank affiliates (table 3).⁸ Affiliates in wholesale trade, which includes several large affiliates with substantial secondary operations in manufacturing, accounted for the next largest share of affiliate value added (17 percent).⁹

Much of the increase in affiliate value added in 2003 was accounted for by affiliates in two sectors: "Finance (except depository institutions) and insurance" and wholesale trade. In "finance (except depository institutions) and insurance," the value added of affiliates increased \$10 billion, or 68 percent, reflecting both new acquisitions and improvements in the ongoing operations of affiliates that had large operating losses in 2001–2002. In wholesale trade, the value added of

7. A corporate inversion occurs when a U.S. multinational corporation forms a corporation, typically in a foreign low- or no-tax country, and simultaneously "inverts" the corporate chain of ownership, so that the new foreign corporation becomes the parent company and the U.S.-based company becomes its affiliate.

8. The industry classification system used for affiliates is based on the 2002 revision of the North American Industry Classification System.

9. Each U.S. affiliate is classified in the industry that accounts for the largest portion of its sales; however, many large affiliates are involved in a variety of business activities. Changes in value added (or other measures of affiliate operations) by industry of affiliate may thus reflect changes in activities outside of the industry of classification.

Table 3. Value Added of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 1998–2003

	Millions of dollars						Percentage of all industries total						Percent change in affiliate value added, 2002–2003
	1998	1999	2000	2001	2002	2003	1998	1999	2000	2001	2002	2003	
All industries	353,860	397,295	447,287	417,122	460,609	486,344	100.0	100.0	100.0	100.0	100.0	100.0	5.6
Manufacturing.....	201,116	219,141	215,684	200,506	229,245	227,682	56.8	55.2	48.2	48.1	49.8	46.8	-0.7
Food	9,947	10,095	10,710	10,832	14,303	9,309	2.8	2.5	2.4	2.6	3.1	1.9	-34.9
Beverages and tobacco products	(D)	(D)	(D)	(D)	5,678	6,948	(D)	(D)	(D)	(D)	1.2	1.4	22.4
Petroleum and coal products	21,637	(D)	(D)	(D)	(D)	(D)	6.1	(D)	(D)	(D)	(D)	(D)	(D)
Chemicals.....	39,022	37,698	41,016	39,512	45,034	49,950	11.0	9.5	9.2	9.5	9.8	10.3	10.9
Plastics and rubber products.....	8,506	9,326	8,727	7,636	9,460	9,004	2.4	2.3	2.0	1.8	2.1	1.9	-4.8
Nonmetallic mineral products.....	11,265	12,805	14,952	14,367	15,144	14,733	3.2	3.2	3.3	3.4	3.3	3.0	-2.7
Primary metals	6,541	6,214	8,299	8,254	5,590	4,497	1.8	1.6	1.9	2.0	1.2	0.9	-19.6
Fabricated metal products	6,333	6,561	7,279	6,382	7,390	7,830	1.8	1.7	1.6	1.5	1.6	1.6	6.0
Machinery.....	13,342	13,803	18,382	19,077	21,055	19,871	3.8	3.5	4.1	4.6	4.6	4.1	-5.6
Computers and electronic products.....	17,826	23,095	26,936	21,004	23,082	22,849	5.0	5.8	6.0	5.0	5.0	4.7	-1.0
Electrical equipment, appliances, and components.....	(D)	10,011	16,359	12,536	4,481	5,510	(D)	2.5	3.7	3.0	1.0	1.1	23.0
Transportation equipment.....	34,982	41,227	30,358	29,048	36,848	35,191	9.9	10.4	6.8	7.0	8.0	7.2	-4.5
Other	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	47,877	55,536	81,413	81,462	75,657	83,843	13.5	14.0	18.2	19.5	16.4	17.2	10.8
Petroleum and petroleum products	4,831	5,427	(D)	(D)	27,138	30,709	1.4	1.4	(D)	(D)	5.9	6.3	13.2
Other	43,046	50,109	(D)	(D)	48,519	53,134	12.2	12.6	(D)	(D)	10.5	10.9	9.5
Retail trade	17,990	19,938	22,308	24,800	26,486	27,878	5.1	5.0	5.0	5.9	5.8	5.7	5.3
Information	13,767	18,841	19,427	8,247	24,297	26,836	3.9	4.7	4.3	2.0	5.3	5.5	10.4
Finance (except depository institutions) and insurance	19,808	21,029	34,730	17,305	15,216	25,577	5.6	5.3	7.8	4.1	3.3	5.3	68.1
Real estate and rental and leasing.....	7,604	9,302	9,323	9,502	9,647	10,031	2.1	2.3	2.1	2.3	2.1	2.1	4.0
Professional, scientific, and technical services	6,743	7,526	8,553	14,923	16,426	17,872	1.9	1.9	1.9	3.6	3.6	3.7	8.8
Other industries.....	38,955	45,983	55,848	60,377	63,634	66,624	11.0	11.6	12.5	14.5	13.8	13.7	4.7

D Suppressed to avoid disclosure of data of individual companies.

affiliates increased \$8 billion, or 11 percent, in 2003, mainly because of expanded sales by affiliates specializing in petroleum and in motor vehicles.

In manufacturing, the value added of affiliates decreased 1 percent in 2003 after increasing 14 percent in 2002. The 2003 decrease reflected reductions in affiliate production in several manufacturing industries. Among these industries, the value added of affiliates in primary metals decreased 20 percent, partly as a result of selloffs. In the machinery industry, affiliate value added decreased 6 percent, largely because of reduced production from ongoing affiliate operations. In food manufacturing, affiliate value added dropped 35 percent; however, most of this decrease reflected shifts within manufacturing in the industry classification of affiliates that had sales in multiple industries.¹⁰

Among other manufacturing industries, the value added of affiliates in electrical equipment increased 23 percent. The increase reflected a combination of new foreign investments, reductions in affiliate operating losses, and shifts in the industry classification of affiliates. The value added of affiliates in beverages and tobacco products increased 22 percent, mainly reflecting foreign acquisitions of U.S. companies. The value

10. For affiliates involved in a variety of business activities, an affiliate's industry classification may change as a result of changes in the mix of these activities if the changes are expected to be sustained.

added of affiliates in the chemical industry increased 11 percent, stemming mainly from shifts in industry classification, new acquisitions, and expanded sales in the pharmaceutical industry.

Employment

In 2003, employment by majority-owned nonbank U.S. affiliates of foreign companies decreased 3 percent, from 5.4 million employees to 5.2 million employees (table 1). The decrease followed decreases of 3 percent in 2002 and 1 percent in 2001. In each of these years, employment by affiliates decreased at a faster pace than total U.S. employment in private industries, partly because of the relative concentration of affiliate employment in industrial sectors in which reductions in employment for all U.S. businesses were relatively large. For example, in 2003, employment in manufacturing, which decreased 5 percent for all U.S. businesses, accounted for 34 percent of employment by U.S. affiliates, but it accounted for only 13 percent of total U.S. employment in private industries. In contrast, employment in health care and social assistance, which increased 2 percent for all U.S. businesses, accounted for less than 2 percent of employment by affiliates, but it accounted for 13 percent of total U.S. private industry employment.

The faster decline in employment by affiliates in 2001–2003 also reflected reductions in foreign owner-

Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry

The data on employment are used to estimate affiliate shares of the U.S. economy by industry on the basis of the North American Industry Classification System (NAICS) because these data can be disaggregated by industry of sales, a basis that approximates the disaggregation of the data for all U.S. businesses by industry of establishment.¹ Thus, using the data on affiliate employment, the affiliate shares of the U.S. economy can be calculated at a greater level of industry detail than is possible using the value-added estimates or other data, which can only be disaggregated on the basis of industry of affiliate.²

In the classification by industry of sales, the data on affiliate employment and sales are distributed among all

of the industries in which the affiliate reports sales. As a result, employment classified by industry of sales should approximate that classified by industry of establishment (or plant), because an affiliate that has an establishment in an industry usually also has sales in that industry.³

In contrast, in the classification by industry of affiliate, all of the operations data (including the employment data) for an affiliate are assigned to that affiliate's "primary" industry—that is, the industry in which it has the most sales.⁴ As a result, any affiliate operations that take place in secondary industries will be classified as operations in the primary industry.

1. The data for all U.S. businesses used to compute the affiliate shares of employment by NAICS industry are from the national income and product accounts (see table 4, footnote 1).

2. Establishment-level data from a joint project of BEA and the Bureau of the Census can be used to calculate affiliate shares at an even greater level of detail. For affiliate shares based on establishment data for six-digit manufacturing and five-digit nonmanufacturing NAICS industries for 1997, see *Foreign Direct Investment in the United States: Establishment Data for 1997* at <www.bea.gov/bea/ai/iidguide.htm>. Similar data on a Standard Industrial Classification basis for 1987 and 1992 are also available. Data only for manufacturing industries are available for 1988–91. The data for foreign-owned establishments are analyzed in SURVEY articles at <www.bea.doc.gov/bea/ai/iidguide.htm>.

3. However, this is not the case if one establishment of an affiliate provides all of its output to another establishment of that affiliate. For example, if an affiliate operates both a metal mine and a metal-manufacturing plant and if the entire output of the mine is used by the manufacturing plant, all of the affiliate's sales would be in metal manufacturing, and none, in metal mining. Thus, when the mining employment is distributed by industry of sales, all of it would be classified in manufacturing even though the industry of the establishment is mining.

4. An affiliate's primary industry is based on a breakdown of the affiliate's sales by BEA's NAICS-based International Surveys Industry classification.

ship of U.S. companies, particularly in 2003. As a result of this decline, the affiliate share of total U.S. employment in private industries, after peaking at 5.0 percent in 2000, decreased to 4.9 percent in 2001 and 2002 and to 4.7 percent in 2003.

By industry

In 2003, as in earlier years, the affiliate share of U.S. employment at the sector level was highest in mining (19.5 percent), followed by manufacturing (12.0

percent) (table 4).¹¹ Within manufacturing, the affiliate share was highest in chemicals (28.3 percent), fol-

11. The estimates of shares are based on affiliate employment broken down by industry of sales; this basis approximates the establishment-based disaggregation of the corresponding data for all U.S. businesses. See the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry." Because employment by industry of sales more precisely reflects the industrial composition of affiliate business activities than data by industry of affiliate, the industry presentation in this section is more detailed than that presented in the section on value added by industry of affiliate.

Table 4. Employment by Majority-Owned Nonbank U.S. Affiliates by Industry of Sales, 1998–2003

	Thousands of employees						Percentage of total U.S. employment in nonbank private industries ¹					
	1998	1999	2000	2001	2002	2003	1998	1999	2000	2001	2002	2003
All industries²	4,669.5	5,064.3	5,656.5	5,594.3	5,425.4	5,253.0	4.3	4.6	5.0	4.9	4.9	4.7
Agriculture, forestry, fishing, and hunting.....	J	13.7	12.7	12.1	10.3	8.7	(D)	0.9	0.9	0.8	0.7	0.6
Mining, excluding oil and gas extraction.....	56.2	52.5	54.4	60.4	79.8	74.7	13.3	13.7	13.8	14.6	20.6	19.5
Utilities.....	4.6	6.9	24.8	19.7	31.6	35.2	0.8	1.1	4.1	3.3	5.3	6.1
Construction.....	57.9	67.5	69.6	79.8	81.5	92.3	0.9	1.0	1.0	1.1	1.2	1.3
Manufacturing³	2,053.2	2,059.6	2,139.1	1,956.7	1,844.1	1,767.1	11.6	11.8	12.2	11.7	11.9	12.0
Food and beverage and tobacco products.....	M	M	M	M	135.9	148.0	(D)	(D)	(D)	(D)	7.7	8.6
Textile mills and textile product mills.....	K	K	25.2	J	18.3	15.3	(D)	(D)	4.2	(D)	3.8	3.4
Apparel and leather and allied products.....	J	J	J	J	7.0	5.4	(D)	(D)	(D)	(D)	1.7	1.5
Wood products.....	10.1	11.4	19.7	19.9	17.9	18.1	1.6	1.8	3.1	3.4	3.1	3.3
Paper.....	47.2	K	K	K	41.7	41.9	7.6	(D)	(D)	(D)	7.7	8.1
Printing and related support activities.....	45.2	48.3	L	53.8	50.6	48.2	5.4	5.8	(D)	6.9	7.0	7.0
Petroleum and coal products ⁴	K	29.2	25.2	22.8	21.7	22.6	(D)	11.3	10.1	9.3	9.0	9.6
Chemicals.....	278.1	269.7	261.2	247.7	264.9	257.6	28.2	27.6	26.5	25.8	28.5	28.3
Plastics and rubber products.....	137.6	126.1	132.9	126.1	121.6	114.5	14.6	13.4	13.9	14.1	14.4	14.0
Nonmetallic mineral products.....	112.2	115.6	125.6	122.4	117.2	117.8	21.1	21.4	22.3	22.4	22.5	23.6
Primary metals.....	80.4	83.1	85.2	78.4	61.8	57.2	12.8	13.5	13.7	13.7	12.2	12.0
Fabricated metal products.....	114.5	99.8	108.7	112.5	103.4	89.2	6.6	5.8	6.1	6.7	6.7	6.0
Machinery.....	186.5	199.3	204.4	184.1	172.0	167.7	12.3	13.7	13.9	13.4	14.0	14.5
Computers and electronic products.....	251.9	262.0	286.9	240.6	198.1	167.5	13.9	14.9	15.8	13.7	13.2	12.4
Electrical equipment, appliances, and components.....	111.5	126.0	118.2	103.7	101.0	89.3	19.0	21.6	19.9	18.7	20.3	19.4
Motor vehicles, bodies and trailers, and parts... Other transportation equipment.....	308.6 34.5	315.1 37.4	322.8 46.1	275.9 48.1	268.5 47.2	276.8 46.4	24.5 4.3	24.2 6.2	24.5 4.1	22.8 6.7	23.3 7.0	24.8 7.2
Furniture and related products.....	15.4	15.3	15.1	15.1	11.5	10.8	2.4	2.3	2.2	2.3	1.9	1.9
Miscellaneous manufacturing.....	75.0	72.8	80.7	80.3	83.9	72.8	10.1	9.8	10.5	10.9	11.8	10.6
Wholesale trade.....	355.9	363.3	407.0	440.3	438.6	421.2	6.1	6.1	6.9	7.6	7.7	7.4
Retail trade.....	535.6	589.4	641.8	643.1	605.4	579.6	3.6	3.9	4.1	4.1	3.9	3.8
Transportation and warehousing.....	139.3	169.1	213.7	228.7	247.3	196.8	3.3	3.9	4.8	5.2	5.8	4.7
Information.....	164.8	205.8	212.6	196.1	206.4	216.5	5.2	6.1	5.8	5.4	6.1	6.8
Finance (except depository institutions) and insurance	199.3	225.2	264.8	274.0	230.7	230.2	5.1	5.5	6.4	6.6	5.6	5.5
Finance, except depository institutions.....	82.2	91.6	M	142.6	100.9	111.5	4.9	5.1	(D)	7.7	5.4	5.8
Insurance carriers and related activities.....	117.1	133.6	M	131.4	129.8	118.7	5.2	5.9	(D)	5.8	5.7	5.1
Real estate and rental and leasing.....	44.5	49.3	43.2	42.9	38.8	37.2	2.2	2.4	2.1	2.0	1.8	1.7
Professional, scientific, and technical services.....	131.7	147.6	199.0	225.4	215.7	212.8	2.0	2.1	2.6	3.1	3.0	3.0
Management of nonbank companies and enterprises.....	2.2	1.8	2.0	2.2	3.1	2.7	0.1	0.1	0.1	0.1	0.2	0.2
Administration, support, and waste management services.....	292.8	403.8	590.0	546.7	547.9	541.4	3.6	4.7	7.3	7.0	7.2	7.1
Educational services.....	I	I	I	7.6	5.0	5.9	(D)	(D)	(D)	0.3	0.2	0.2
Health care and social assistance.....	103.9	71.9	L	L	103.5	76.6	0.8	0.6	(D)	(D)	0.7	0.5
Arts, entertainment, and recreation.....	32.9	37.4	36.2	36.0	33.6	33.5	2.0	2.2	2.0	1.9	1.8	1.7
Accommodation and food services.....	M	255.1	M	324.8	326.1	331.7	(D)	2.6	(D)	3.2	3.2	3.2
Other services, except government.....	55.8	K	K	K	27.8	24.6	0.9	(D)	(D)	(D)	0.4	0.4
Auxiliaries ⁵	166.8	271.0	289.3	326.6	313.6	323.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unspecified ⁶	39.8	21.8	40.9	28.3	34.6	40.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

D Suppressed to avoid disclosure of data of individual companies.
n.a. Not applicable.

1. The data on U.S. employment in private industries that were used in calculating these percentages are classified by industry of establishment. They are from table 6.4D of the "National Income and Product Accounts (NIPAs) Tables." The total for U.S. employment in nonbank private industries is equal to employment in private industries less the employment of depository institutions and private households. The U.S. private industry employment totals used to calculate the affiliate shares in "all industries" in this table differ from the U.S. employment totals used to calculate affiliate shares in table 5; the latter are from BEA's Regional Economic Information System. The estimates in table 5, unlike those in this table, include employment in depository institutions. In addition, the estimates in table 5, unlike those in this table, exclude U.S. residents temporarily employed abroad by U.S. businesses. They may also differ from NIPA estimates used for "all industries" in this table because of different definitions and revision schedules.

2. For consistency with the coverage of the data on U.S. employment in private industries, U.S.-affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate employment total when the percentage shares on this line were computed.

3. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates shown in this table differ from those shown in table 6. In this table, U.S.-affiliate employment is classified by industry of sales, and the total for manufacturing includes some nonmanufacturing employees (see the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry"), whereas in table 6, affiliate manufacturing employment consists only of employees on the payrolls of manufacturing plants. Data on the latter basis are not available for the industries within manufacturing shown in this table.

In addition, the total for manufacturing in this table includes oil and gas extraction, which is excluded from the total in table 6.

4. For both U.S. affiliates and all U.S. businesses, includes oil and gas extraction. (See note below.)

5. Employees on the payrolls of administrative offices and other auxiliary units. Includes employees of units that perform scientific research, data processing, warehousing and storage, and advertising services for other units of the same enterprise.

6. This line includes all employment that U.S. affiliates did not specify in terms of industry of sales when they filled out their survey forms. Affiliates that filed the long form (that is, affiliates with assets, sales, or net income or loss greater than \$100 million in 1998–2001 and greater than \$125 million in 2002–2003) had to specify only their 10 largest sales categories, and affiliates that filed the short form had to specify only their 4 largest sales categories.

NOTE: A significant portion of U.S.-affiliate employment in petroleum and coal products is accounted for by integrated petroleum companies that have, in addition to their manufacturing employees, substantial numbers of employees in petroleum extraction; because these employees cannot be identified separately, they are included in petroleum and coal products manufacturing. For consistency, employees of affiliates classified in the "oil and gas extraction without refining" industry and employees of all U.S. businesses in oil and gas extraction are also included in petroleum and coal products manufacturing rather than in mining.

The following ranges are given in employment cells that are suppressed: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

lowed by motor vehicles, bodies and trailers, and parts (24.8 percent), nonmetallic mineral products (23.6 percent), and electrical equipment, appliances, and components (19.4 percent).

In mining, the affiliate share of employment in 2003 was less than the share in 2002, partly reflecting foreign selloffs of U.S. companies. The affiliate share had jumped from 14.6 percent in 2001 to 20.6 percent in 2002 as a result of foreign acquisitions.

In manufacturing, the affiliate share was slightly higher in 2003 than in 2002 despite a 4-percent decrease in affiliate employment, reflecting an even sharper decrease in manufacturing employment by all U.S. businesses. Within manufacturing, the affiliate shares increased significantly in motor vehicles, bodies and trailers, and parts (from 23.3 percent in 2002 to 24.8 percent in 2003), in nonmetallic mineral products (from 22.5 percent to 23.6 percent), and in food, beverage, and tobacco products (from 7.7 percent to 8.6 percent). In the motor vehicles industry, employment by affiliates increased 3 percent in the face of a 3-percent reduction in total U.S. employment in the industry, reflecting expanded production in auto plants by German- and Japanese-owned affiliates. In nonmetallic mineral products, affiliate employment increased slightly despite a 4-percent reduction in industry employment, largely as a result of new acquisitions by existing affiliates. Acquisitions of new affiliates by foreign investors boosted affiliate employment in the food, beverage, and tobacco products industry, which increased 9 percent in the face of a 2-percent decrease in industry employment.

Among other manufacturing industries, the affiliate share of employment in computers and electronic products decreased from 13.2 percent to 12.4 percent. The share decreased for a third consecutive year after peaking at 15.8 percent in 2000; employment by affiliates decreased 15 percent in 2003, following decreases of 18 percent in 2002 and 16 percent in 2001. The affiliate share in electrical equipment, appliances, and components decreased from 20.3 percent to 19.4 percent; employment by affiliates decreased 12 percent in 2003.¹² In both industries, the decreases in employment reflected a combination of affiliate selloffs of subsidiary units and workforce reductions associated with unfavorable market conditions.

Among other industrial sectors, the affiliate shares of employment in the utilities and information sectors

increased significantly in 2003. In utilities, the affiliate share increased from 5.3 percent to 6.1 percent; employment by affiliates increased 12 percent, as gains in employment from new foreign investments more than made up for reductions in employment connected with ongoing affiliate operations. (In 1998–2002, affiliate employment had increased more than sixfold—pushing the affiliate share from less than 1 percent to more than 5 percent—largely as a result of several foreign acquisitions in the electric power industry.) In the information sector, the affiliate share of employment increased from 6.1 percent in 2002 to 6.8 percent in 2003; employment by affiliates increased 5 percent in the face of a 5-percent decrease for all U.S. businesses, partly because of acquisitions in the motion picture and data processing services industries.

In transportation and warehousing, the affiliate share of employment decreased from 5.8 percent in 2002 to 4.7 percent in 2003. Employment by affiliates decreased 20 percent, mainly as a result of a corporate restructuring that shifted the nationality of a large transportation services company to the United States.

By state

Among the 50 states and the District of Columbia, the shares of private-industry employment accounted for by majority-owned U.S. affiliates in 2003 were highest in South Carolina (8.4 percent), Hawaii (7.8 percent), New Hampshire (7.7 percent), Connecticut (7.3 percent), and Delaware (7.3 percent) (table 5). South

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12. Most of this decrease was accounted for by affiliates classified in other manufacturing industries that had secondary operations in electrical equipment.

Carolina also had the highest affiliate share of employment in 2002. In each year in 1988–2001, the affiliate share was highest in Hawaii; however, the share in Hawaii has declined since 1997, when it peaked at 9.9 percent.

In 2003, as in earlier years, more than three-fourths of the affiliate employment in South Carolina was

accounted for by European-owned affiliates, mainly affiliates in manufacturing and in wholesale and retail trade. In contrast, most of the affiliate employment in Hawaii was by Japanese-owned affiliates, particularly affiliates in the accommodation, real estate, and retail trade industries.

In manufacturing, the affiliate shares of employ-

Table 5. Employment by Majority-Owned Nonbank U.S. Affiliates by State, 1998–2003

	Thousands of employees						Percentage of total private industry employment in the state ¹					
	1998	1999	2000	2001	2002	2003	1998	1999	2000	2001	2002	2003
Total ²	4,669.5	5,064.3	5,656.5	5,594.3	5,425.4	5,253.0	4.2	4.5	4.9	4.9	4.8	4.7
New England	327.9	349.2	420.9	435.3	419.2	402.2	5.4	5.7	6.7	7.0	6.8	6.6
Connecticut	89.9	93.3	105.5	117.4	111.0	104.9	6.1	6.2	6.9	7.9	7.6	7.3
Maine	22.7	22.0	31.7	32.8	31.7	30.1	4.7	4.4	6.2	6.4	6.2	5.9
Massachusetts	156.9	175.9	207.7	209.9	196.9	189.0	5.4	6.0	6.9	7.0	6.7	6.5
New Hampshire	29.8	29.9	43.8	41.0	41.1	41.9	5.7	5.5	7.9	7.4	7.5	7.7
Rhode Island	20.1	19.5	22.2	23.5	27.5	25.9	4.9	4.7	5.2	5.6	6.5	6.1
Vermont	8.5	8.6	9.9	10.7	11.1	10.4	3.4	3.4	3.8	4.1	4.3	4.1
Mideast	841.9	917.5	1,051.2	1,042.2	996.1	980.4	4.7	5.0	5.6	5.6	5.4	5.3
Delaware	19.9	24.0	27.7	24.4	22.4	26.5	5.6	6.5	7.4	6.6	6.1	7.3
District of Columbia	10.2	13.9	14.7	17.7	17.4	16.5	2.5	3.2	3.2	3.9	3.8	3.6
Maryland	67.7	88.7	104.6	106.4	105.4	104.1	3.5	4.4	5.1	5.1	5.1	5.0
New Jersey	200.9	211.3	234.6	239.4	228.3	223.2	6.1	6.3	6.8	6.9	6.7	6.5
New York	328.0	348.3	415.8	415.5	386.8	382.6	4.7	4.8	5.6	5.7	5.4	5.4
Pennsylvania	215.2	231.3	253.9	238.7	235.8	227.7	4.4	4.6	5.0	4.7	4.7	4.5
Great Lakes	878.6	925.5	979.0	941.0	920.3	900.2	4.6	4.8	5.0	4.9	4.9	4.8
Illinois	223.9	241.2	277.2	274.2	262.9	254.9	4.3	4.6	5.2	5.2	5.1	5.0
Indiana	140.1	144.3	143.8	142.0	133.2	134.2	5.4	5.5	5.4	5.5	5.2	5.3
Michigan	210.2	221.2	228.4	204.7	202.9	205.0	5.3	5.5	5.6	5.2	5.2	5.4
Ohio	223.5	228.7	228.3	220.8	214.2	208.6	4.6	4.6	4.6	4.5	4.5	4.4
Wisconsin	80.9	90.1	101.3	99.3	107.1	97.6	3.4	3.7	4.1	4.1	4.4	4.0
Plains	237.8	257.9	285.3	300.1	284.8	279.2	2.9	3.1	3.3	3.8	3.7	3.6
Iowa	31.8	35.5	36.5	38.8	36.6	38.1	2.6	2.8	2.9	3.1	3.0	3.1
Kansas	31.2	33.4	37.8	36.0	34.9	35.6	2.8	3.0	3.3	3.2	3.1	3.2
Minnesota	71.1	77.3	90.7	87.8	88.1	84.6	3.1	3.3	3.8	3.7	3.8	3.6
Missouri	74.0	81.7	89.4	102.7	91.5	87.2	3.2	3.4	3.7	4.4	3.9	3.8
Nebraska	14.9	19.3	19.3	20.1	18.7	18.9	2.0	2.5	2.5	2.6	2.4	2.5
North Dakota	5.1	4.9	5.2	8.2	7.4	7.9	2.0	1.8	1.9	3.1	2.8	3.0
South Dakota	9.7	5.8	6.4	6.6	7.6	7.0	3.2	1.9	2.0	2.1	2.4	2.2
Southeast	1,195.7	1,307.3	1,397.7	1,393.8	1,361.3	1,316.2	4.6	4.9	5.1	5.1	5.1	4.9
Alabama	57.9	64.1	65.0	75.5	75.1	72.8	3.6	4.0	4.0	4.7	4.8	4.6
Arkansas	31.1	31.6	34.7	35.8	35.7	33.7	3.2	3.2	3.5	3.6	3.6	3.4
Florida	190.1	210.7	244.2	257.7	252.1	248.9	3.2	3.4	3.8	4.0	3.9	3.9
Georgia	173.0	189.3	199.5	195.0	191.2	182.8	5.3	5.6	5.8	5.7	5.7	5.5
Kentucky	75.0	82.2	94.1	90.9	88.4	87.0	5.0	5.0	6.0	6.0	5.9	5.8
Louisiana	45.8	49.3	51.3	51.1	50.5	48.0	2.9	3.1	3.2	3.2	3.2	3.0
Mississippi	18.2	19.8	20.0	21.5	25.8	22.8	1.9	2.1	2.1	2.3	2.8	2.5
North Carolina	208.5	229.4	239.1	223.0	214.8	204.6	6.4	6.9	7.0	6.7	6.6	6.3
South Carolina	117.4	128.0	129.1	129.1	133.0	127.5	7.7	8.2	8.2	8.4	8.7	8.4
Tennessee	128.3	132.8	137.7	134.2	130.1	127.4	5.5	5.6	5.7	5.7	5.6	5.5
Virginia	126.5	146.5	158.0	154.5	141.9	138.6	4.5	5.1	5.4	5.3	4.9	4.8
West Virginia	23.9	23.7	25.0	25.7	22.7	22.2	4.2	4.1	4.3	4.4	3.9	3.9
Southwest	397.1	432.6	492.5	484.7	457.0	444.2	3.5	3.7	4.1	4.1	3.9	3.8
Arizona	46.4	53.6	60.8	57.0	57.5	59.8	2.5	2.8	3.1	2.9	3.0	3.0
New Mexico	11.2	10.2	12.0	13.5	12.8	12.5	2.0	1.8	2.1	2.3	2.2	2.1
Oklahoma	30.9	33.4	34.7	40.0	33.9	32.5	2.6	2.8	2.8	3.3	2.8	2.8
Texas	308.6	335.3	384.9	374.2	352.8	339.3	4.0	4.3	4.7	4.6	4.4	4.3
Rocky Mountain	97.2	124.8	143.4	136.2	136.8	132.3	2.7	3.3	3.7	3.5	3.6	3.5
Colorado	56.1	73.7	88.2	81.3	77.7	73.5	3.1	3.9	4.5	4.2	4.1	4.0
Idaho	7.8	11.0	10.8	11.3	12.5	11.2	1.8	2.4	2.3	2.3	2.6	2.3
Montana	4.8	9.7	5.0	5.7	5.9	6.6	1.6	3.1	1.6	1.8	1.8	2.0
Utah	22.6	25.1	32.2	30.4	32.3	32.2	2.6	2.8	3.5	3.3	3.5	3.5
Wyoming	5.9	5.2	7.2	7.5	8.5	8.8	3.4	2.9	3.9	4.0	4.5	4.6
Far West	671.7	726.4	862.5	832.4	823.1	767.2	3.9	4.1	4.8	4.6	4.6	4.3
Alaska	9.3	8.9	10.3	10.5	12.6	11.7	4.5	4.2	4.8	4.8	5.7	5.2
California	487.0	529.6	638.9	615.2	612.6	561.0	4.0	4.3	5.0	4.8	4.9	4.5
Hawaii	38.9	39.4	40.6	38.9	36.7	36.1	8.9	8.9	8.9	8.5	8.1	7.8
Nevada	21.3	26.2	30.7	28.2	25.8	27.2	2.5	2.9	3.3	3.0	2.7	2.8
Oregon	43.4	46.9	56.0	51.5	50.9	48.4	3.2	3.4	4.0	3.8	3.8	3.6
Washington	71.8	75.4	86.0	88.1	84.5	82.8	3.2	3.3	3.7	3.8	3.8	3.7
Puerto Rico	14.4	15.2	16.0	16.4	16.6	16.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas ³	6.8	7.6	7.5	11.9	9.9	14.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign ⁴	(*)	0.3	0.5	0.4	0.3	0.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

* Fewer than 50 employees.
n.a. Not available.

1. The data on U.S. employment in private industries used to calculate the shares shown in this table are from BEA's Regional Economic Information System. The totals are equal to employment in private industries less employment of private households. The U.S. employment totals used to calculate affiliate shares in this table differ from those used for tables 1 and 4, which are from tables 6.4D of the "National Income and Product Accounts (NIPAs) Tables." They differ from the NIPA estimates of employment because they include depository

institutions, and, by definition, they exclude U.S. residents temporarily employed abroad by U.S. businesses. They also may differ from the NIPA estimates because of different definitions and revision schedules.

2. For consistency with coverage of the private-industry employment data, U.S.-affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate employment total when the percentage shares on this line were computed.

3. Consists of the U.S. Virgin Islands, Guam, American Samoa, and all other outlying areas.

4. Consists of employees of U.S. affiliates working abroad.

ment in 2003 were highest in Delaware (24.3 percent), South Carolina (23.3 percent), and New Hampshire (22.6 percent) (table 6). In both Delaware and New Hampshire, most of the manufacturing employment

of affiliates was by British- and German-owned affiliates. In South Carolina, most of the manufacturing employment of affiliates was by German-, Japanese-, and French-owned affiliates.

Table 6. Manufacturing Employment by Majority-Owned Nonbank U.S. Affiliates by State, 1998–2003

	Thousands of employees						Percentage of total manufacturing employment in the state ¹					
	1998	1999	2000	2001	2002	2003	1998	1999	2000	2001	2002	2003
Total ²	2,030.3	2,036.5	2,118.8	1,934.9	1,811.9	1,685.4	11.5	11.7	12.2	11.7	11.7	11.5
New England	109.2	115.3	127.7	125.6	105.7	101.8	11.2	12.2	13.6	13.9	12.8	13.2
Connecticut	28.9	28.7	32.2	35.7	29.4	28.6	11.7	11.9	13.7	15.7	13.8	14.3
Maine	11.3	11.0	11.4	11.4	9.6	8.3	13.8	13.6	14.3	15.1	13.9	12.9
Massachusetts	42.4	50.0	53.3	51.2	42.5	41.3	10.2	12.4	13.1	13.1	12.1	12.6
New Hampshire	16.4	16.4	20.8	18.2	17.6	18.3	15.7	16.0	20.4	18.6	20.6	22.6
Rhode Island	7.7	6.3	6.1	5.2	4.1	3.4	10.1	8.6	8.6	7.6	6.5	5.8
Vermont	2.5	2.8	3.9	3.9	2.5	1.9	5.6	6.2	8.4	8.5	6.2	5.0
Mideast	M	267.8	M	261.3	248.6	226.6	(D)	11.9	(D)	12.1	(D)	12.0
Delaware	I	7.2	I	9.4	8.1	8.7	(D)	16.9	(D)	23.7	21.9	24.3
District of Columbia	0.5	0.4	0.4	0.4	0.7	0.5	13.0	10.5	11.5	11.0	(D)	18.4
Maryland	20.9	18.5	21.8	20.1	16.2	15.8	12.3	10.9	12.6	11.8	10.2	10.6
New Jersey	74.8	65.4	64.0	64.9	67.2	57.4	17.6	15.8	15.2	16.1	18.2	16.3
New York	74.9	66.5	77.9	74.7	67.2	60.9	9.7	8.8	10.5	10.6	10.2	9.8
Pennsylvania	109.9	109.9	111.7	91.9	89.3	83.3	12.5	12.6	13.0	11.1	11.7	11.5
Great Lakes	496.3	498.0	516.4	455.8	433.7	402.9	12.2	12.3	12.8	12.0	12.3	11.9
Illinois	104.2	101.5	109.7	97.4	88.8	81.6	11.7	11.6	12.7	11.9	11.7	11.3
Indiana	104.2	102.0	99.9	96.0	87.1	81.9	15.8	15.3	15.1	15.5	14.7	14.2
Michigan	111.3	113.9	133.9	102.2	93.6	90.4	12.6	12.8	15.0	12.3	12.3	12.5
Ohio	127.4	129.0	118.7	111.4	109.2	100.6	12.4	12.6	11.7	11.6	12.3	11.8
Wisconsin	49.2	51.6	54.2	48.7	55.0	48.3	8.2	8.7	9.1	8.6	10.4	9.5
Plains	127.4	132.3	132.8	135.8	120.4	118.0	9.0	9.4	9.5	10.1	9.5	9.7
Iowa	20.8	21.9	22.4	22.1	20.2	20.6	8.3	8.7	8.9	9.1	8.8	9.3
Kansas	16.9	18.1	18.3	14.0	15.1	17.1	8.3	8.9	9.2	7.2	8.3	9.9
Minnesota	30.8	31.0	32.2	31.2	26.2	24.0	7.8	7.9	8.2	8.2	7.3	6.9
Missouri	44.0	45.1	46.2	51.8	42.4	39.8	11.6	12.1	12.7	15.1	13.0	12.7
Nebraska	8.9	10.1	8.2	8.2	7.8	9.3	7.8	9.0	7.2	7.4	7.3	9.0
North Dakota	2.0	2.3	2.0	4.5	4.0	3.7	8.7	10.0	8.2	18.4	16.5	15.5
South Dakota	4.0	3.7	3.5	4.0	4.7	3.6	9.2	8.4	8.0	9.6	12.1	9.4
Southeast	580.8	593.7	596.8	543.9	533.7	493.3	13.1	13.6	13.9	13.4	14.0	13.6
Alabama	41.4	42.7	41.1	36.7	37.0	35.6	11.3	12.0	11.8	11.2	11.9	12.0
Arkansas	22.7	22.1	23.7	22.8	20.3	19.4	9.4	9.2	9.9	10.0	9.4	9.3
Florida	43.9	41.4	49.2	46.0	41.5	35.6	9.6	9.1	10.9	10.5	10.1	9.1
Georgia	81.1	76.4	79.0	70.4	68.8	64.3	14.9	14.0	14.6	13.9	14.4	14.1
Kentucky	53.2	57.3	60.7	55.8	53.9	49.9	17.3	18.5	19.6	18.9	19.4	18.6
Louisiana	18.9	22.0	22.0	19.5	16.9	15.4	10.3	12.2	12.4	11.3	10.4	9.8
Mississippi	10.7	11.8	9.6	9.9	12.7	9.6	4.6	5.1	4.3	4.9	6.7	5.3
North Carolina	107.3	116.4	113.6	96.6	93.4	83.9	13.4	15.0	15.0	13.6	14.4	13.8
South Carolina	66.4	69.4	70.0	65.9	70.8	64.9	19.0	20.8	21.0	20.9	24.2	23.3
Tennessee	78.3	75.6	72.7	70.0	67.6	67.4	15.8	15.3	14.9	15.3	15.7	16.3
Virginia	45.8	46.8	42.4	38.2	37.9	35.7	12.3	12.8	11.8	11.1	11.7	11.6
West Virginia	11.1	11.7	12.9	12.1	12.9	11.7	14.4	15.3	17.1	16.6	18.6	18.0
Southwest	171.9	169.8	184.7	160.8	136.9	125.7	11.4	11.4	12.4	11.1	10.3	9.9
Arizona	14.1	15.0	16.2	15.1	13.0	13.7	6.8	7.3	7.8	7.5	7.0	7.7
New Mexico	2.8	2.7	3.8	2.7	1.8	1.8	6.5	6.7	9.2	6.6	4.7	5.0
Oklahoma	14.9	15.3	15.5	15.5	14.5	12.9	8.3	8.6	8.8	9.1	9.5	8.9
Texas	140.1	136.8	149.2	127.5	107.6	97.3	13.0	12.9	14.0	12.3	11.3	10.7
Rocky Mountain	K	33.7	K	35.9	36.7	32.0	(D)	8.1	(D)	8.8	(D)	8.9
Colorado	14.8	16.3	24.4	19.0	19.9	17.4	7.8	8.7	12.9	10.4	11.9	11.1
Idaho	4.1	4.8	H	3.8	3.7	3.2	5.9	6.9	(D)	5.5	5.7	5.1
Montana	F	2.1	0.9	2.1	2.0	1.2	(D)	9.4	4.1	9.9	9.7	6.0
Utah	9.3	9.4	10.1	10.0	9.7	9.4	7.3	7.4	8.0	8.2	8.5	8.3
Wyoming	1.4	1.1	1.0	0.9	1.4	0.9	14.1	10.6	9.8	9.2	(D)	10.0
Far West	218.3	218.1	226.2	206.7	187.2	173.8	8.7	8.8	9.1	8.6	8.5	8.3
Alaska	1.5	1.3	1.5	1.7	2.1	2.0	11.7	10.7	11.6	13.6	18.6	16.9
California	164.5	168.4	175.0	161.3	146.2	134.8	8.8	9.2	9.4	9.0	8.9	8.7
Hawaii	1.2	1.2	1.2	0.9	1.0	1.0	8.0	7.8	7.7	5.5	6.4	6.5
Nevada	4.9	4.6	4.7	4.8	4.7	4.0	12.4	11.4	11.2	10.9	10.9	9.0
Oregon	18.3	18.0	19.3	15.6	12.7	11.5	8.1	8.1	8.6	7.2	6.2	5.9
Washington	27.9	24.5	24.5	22.3	20.5	20.5	7.9	7.2	7.4	7.0	7.1	7.6
Puerto Rico	7.3	7.5	8.4	8.1	8.5	8.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas ³	0.2	0.3	0.3	1.0	0.5	2.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign ⁴	0.0	0.0	0.0	(*)	(*)	0.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

D Suppressed to avoid disclosure of data of individual companies.

* Fewer than 50 employees.

n.a. Not available.

1. The data on employment in manufacturing used to calculate the shares shown in this table are from BEA's Regional Economic Information System. The U.S. manufacturing employment totals used to calculate shares in this table differ from the NIPA data for manufacturing used for table 4 (see footnote 1 to table 4).

2. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates in this table differ from those shown in table 4 (see footnote 3 to table 4). For consis-

tency with the coverage of the employment data for all U.S. manufacturing plants, U.S. affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate total when the percentage shares on this line were computed.

3. Consists of the U.S. Virgin Islands, Guam, American Samoa, and all other outlying U.S. areas.

4. Consists of employees of U.S. affiliates working abroad.

Note. The following ranges are given in employment cells that are suppressed: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

In about three-fourths of the states, total employment by affiliates decreased in 2003. The largest reductions were in California (where affiliate employment dropped 52,000, or 8 percent), Texas (where affiliate employment decreased 13,000, or 4 percent), and North Carolina (where affiliate employment decreased 10,000, or 5 percent). The decreases in these three states accounted for more than 40 percent of the nationwide decrease in affiliate employment. In California and in Texas, the decreases mainly reflected shifts in the nationality of ownership in U.S. companies, including ownership changes related to a corporate restructuring in the transportation industry and several selloffs of affiliate subsidiary units in computer and electronics products manufacturing. In North Carolina, the decrease reflected a combination of foreign selloffs and cutbacks in ongoing affiliate operations, particularly operations in manufacturing.

The manufacturing employment of affiliates decreased in all but six states in 2003, largely reflecting a widespread reduction in manufacturing employment by U.S. businesses.¹³ In contrast to the regional pattern for total employment by affiliates, the decreases in affiliate manufacturing employment were more evenly distributed across states: The four states with the largest reductions in affiliate manufacturing employment—California, Texas, New Jersey, and North Carolina—together accounted for about a third of the nationwide decrease in affiliate manufacturing employment.

Trade in Goods

In recent years, majority-owned U.S. affiliates have accounted for about 20 percent of total U.S. exports of goods and for about 30 percent of total U.S. imports of goods (table 7). These shares are much larger than the affiliate shares of either value added or employment, reflecting both the general international orientation of foreign-owned companies and their specific production and distribution ties to their foreign parents. Much of the trade in goods by affiliates—nearly 50 percent of exports and 80 percent of imports—is accounted for by intrafirm transactions between the affiliates and their foreign parents or other member companies of their foreign parent groups. The intrafirm trade of majority-owned U.S. affiliates has generally accounted for 8–10 percent of U.S. exports and

for 22–25 percent of U.S. imports.¹⁴

Since the early 1990s, imports by U.S. affiliates have usually been at least twice as high as their exports, and the gap in earlier years was even larger. This trade gap for affiliates is substantially larger than the gap between total U.S. imports and exports. The gap for affiliates is largely accounted for by wholesale trade affiliates, many of which were established to facilitate imports of goods manufactured abroad by their foreign parents. Since the late 1980s, the imports of wholesale trade affiliates have been two to four times as large as their exports, and these affiliates have consistently accounted for more than two-thirds of the total import-export gap for U.S. affiliates.¹⁵

14. A portion of the remaining trade, trade between U.S. parent companies and their majority-owned foreign affiliates, is also intrafirm trade. Together, the intrafirm trade of foreign-owned U.S. affiliates and the intrafirm trade of U.S. multinational companies have accounted for 30–36 percent of U.S. exports and for 36–40 percent of U.S. imports. See William J. Zeile, "Trade in Goods Within Multinational Companies: Survey-Based Data and Findings for the United States of America" (paper prepared for the Organisation for Economic Co-operation and Development Committee on Industry and Business Environment Working Party on Statistics, Session on Globalisation, Paris, November 3–4, 2003); <www.bea.gov/bea/papers.htm>.

15. Although wholesale trade affiliates have consistently accounted for a dominant share of the affiliate import-export gap, their shares of both affiliate exports and imports have declined since the late 1980s. Their share of affiliate exports declined from 66 percent in 1987 to 35 percent in 2003, and their share of affiliate imports declined from 78 percent in 1987 to 58 percent in 2003.

Table 7. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates, 1987–2003

	Millions of dollars				U.S. exports of goods shipped by affiliates as a percentage of total U.S. exports of goods		U.S. imports of goods shipped to affiliates as a percentage of total U.S. imports of goods	
	U.S. exports of goods shipped by affiliates		U.S. imports of goods shipped to affiliates		Total	Shipped to the foreign parent group	Total	Shipped from the foreign parent group
	Total	Shipped to the foreign parent group	Total	Shipped from the foreign parent group				
1987	39,497	18,677	133,620	102,167	15.5	7.3	32.9	25.1
1988	57,209	26,001	144,896	112,012	17.7	8.1	32.9	25.4
1989	72,413	33,778	158,792	122,899	19.9	9.3	33.6	26.0
1990	79,368	37,177	170,677	131,665	20.2	9.4	34.5	26.6
1991	85,254	41,373	169,362	128,143	20.2	9.8	34.7	26.2
1992	91,686	47,567	172,260	132,217	20.5	10.6	32.3	24.8
1993	94,329	46,241	186,369	144,698	20.3	9.9	32.1	24.9
1994	107,057	49,864	214,485	166,085	20.9	9.7	32.3	25.0
1995	121,277	55,842	232,250	182,148	20.7	9.5	31.2	24.5
1996	125,897	59,544	248,562	187,889	20.1	9.5	31.3	23.6
1997	128,394	61,288	249,310	193,969	18.6	8.9	28.6	22.3
1998	136,949	56,115	277,909	199,524	20.1	8.2	30.5	21.9
1999	140,808	58,385	312,895	225,132	20.2	8.4	30.5	22.0
2000	150,911	64,785	354,613	267,187	19.3	8.3	29.1	21.9
2001	145,525	64,442	333,855	260,633	20.0	8.8	29.3	22.8
2002 ^r	140,510	64,572	335,021	267,291	20.3	9.3	28.8	23.0
2003 ^p	150,829	71,742	356,659	285,909	20.8	9.9	28.4	22.7

^p Preliminary.

^r Revised.

NOTE: The data on U.S. exports and imports of goods used to compute the affiliate shares in this table are from the U.S. Census Bureau.

13. In 2003, manufacturing employment by all U.S. businesses decreased in all but two states.

Exports

In 2003, exports of goods by majority-owned U.S. affiliates increased 7 percent, to \$151 billion, rebounding from decreases of 3 percent in 2002 and 4 percent in 2001 (table 7). In comparison, exports of goods by all U.S. businesses increased 5 percent, following a 5-percent decrease in 2002 and a 7-percent decrease in 2001. The affiliate share of total U.S. exports of goods thus increased for a third consecutive year, to 21 percent.

Much of the increase in affiliate exports was accounted for by wholesale trade affiliates specializing in equipment and other durable goods, including affiliates with substantial secondary operations in motor vehicle manufacturing. The increase also reflected acquisitions by affiliates of several export-oriented companies.

By country of ownership, exports of Korean-owned affiliates increased 20 percent, and the exports of Canadian-owned affiliates increased 11 percent; for affiliates of both countries, the increases partly reflected an expansion in sales of electronic components to customers in East Asia (table 8). Exports of Swiss-owned affiliates decreased 16 percent, partly because of decreased exports by affiliates in the chemical and electrical equipment industries.

Japanese-owned affiliates continued to account for the largest share of affiliate exports (27 percent), followed by German-owned affiliates (21 percent).¹⁶ As in past years, about two-thirds of the exports of Japanese-owned affiliates were by wholesale trade affiliates, including affiliates of Japan's large general trading companies. In contrast, the exports of German-owned affiliates were predominantly by manufacturing affiliates.

Imports

In 2003, imports of goods by majority-owned U.S. affiliates increased 6 percent, to \$357 billion, following an increase of less than half a percent in 2002. Total U.S. imports of goods also increased at a faster pace of 8 percent in 2003, following a 2-percent increase in 2002, so the affiliate share of U.S. imports of goods dipped from 29 percent to 28 percent.

About half of the increase in affiliate imports in 2003 was accounted for by affiliates in the petroleum wholesale trade and natural gas distribution industries,

16. Japanese-owned affiliates have accounted for the largest shares of affiliate exports and imports since at least 1977.

Table 8. U.S. Trade in Goods of Majority-Owned Nonbank U.S. Affiliates by Selected Country of Ultimate Beneficial Owner, 1998–2003

	Millions of dollars						Percentage of all-countries total						Percent change in affiliate exports or imports, 2002–2003
	1998	1999	2000	2001	2002	2003	1998	1999	2000	2001	2002	2003	
U.S. exports shipped by affiliates:													
All countries	136,949	140,808	150,911	145,525	140,510	150,829	100.0	100.0	100.0	100.0	100.0	100.0	7.3
Canada	7,729	7,331	9,058	8,191	6,401	7,110	5.6	5.2	6.0	5.6	4.6	4.7	11.1
France	(D)	(D)	10,474	9,817	10,043	10,621	(D)	(D)	6.9	6.7	7.1	7.0	5.8
Germany	27,739	30,655	31,430	29,298	30,351	32,306	20.3	21.8	20.8	20.1	21.6	21.4	6.4
Netherlands	3,987	4,914	(D)	(D)	5,022	4,960	2.9	3.5	(D)	(D)	3.6	3.3	-1.2
Switzerland	5,052	5,475	5,931	5,947	5,998	5,066	3.7	3.9	3.9	4.1	4.3	3.4	-15.5
United Kingdom	15,226	15,251	16,262	15,586	14,241	13,923	11.1	10.8	10.8	10.7	10.1	9.2	-2.2
Japan	42,857	38,134	40,667	40,766	38,531	41,364	31.3	27.1	26.9	28.0	27.4	27.4	7.4
Korea, Republic of	(D)	(D)	(D)	(D)	4,368	5,239	(D)	(D)	(D)	(D)	3.1	3.5	19.9
Other	20,595	21,981	25,013	25,111	25,556	30,241	15.0	15.6	16.6	17.3	18.2	20.0	18.3
U.S. imports shipped to affiliates:													
All countries	277,909	312,895	354,613	333,855	335,021	356,659	100.0	100.0	100.0	100.0	100.0	100.0	6.5
Canada	15,077	16,169	20,995	19,070	18,634	22,741	5.4	5.2	5.9	5.7	5.6	6.4	22.0
France	12,416	15,912	(D)	(D)	14,608	15,284	4.5	5.1	(D)	(D)	4.4	4.3	4.6
Germany	54,616	53,306	57,804	56,477	57,386	61,191	19.7	17.0	16.3	16.9	17.1	17.2	6.6
Netherlands	10,376	15,903	(D)	16,227	14,817	14,329	3.7	5.1	(D)	4.9	4.4	4.0	-3.3
Switzerland	6,610	7,126	8,416	8,010	8,438	8,477	2.4	2.3	2.4	2.4	2.5	2.4	0.5
United Kingdom	16,191	19,091	23,691	22,675	21,344	25,614	5.8	6.1	6.7	6.8	6.4	7.2	20.0
Japan	117,954	134,514	147,156	133,612	127,923	133,695	42.4	43.0	41.5	40.0	38.2	37.5	4.5
Korea, Republic of	(D)	(D)	(D)	(D)	19,966	22,577	(D)	(D)	(D)	(D)	6.0	6.3	13.1
Other	(D)	(D)	45,673	47,507	51,905	52,753	(D)	(D)	12.9	14.2	15.5	14.8	1.6

D Suppressed to avoid disclosure of data of individual companies.

NOTE: Affiliates of the eight countries listed in this table accounted for the largest shares of affiliate trade in each of the years 1998–2003.

reflecting a pronounced step-up in U.S. imports of mineral fuels.¹⁷ Another major contributor to the increase in affiliate imports was an expansion in sales of imported vehicles by several affiliates with operations in motor vehicle wholesale trade.

By country of ownership, the imports of Canadian-owned affiliates increased 22 percent, mainly as a result of increased imports by affiliates in the natural gas distribution and petroleum wholesale trade industries. The imports of British-owned affiliates increased 20 percent, reflecting expanded imports by manufacturing affiliates specializing in pharmaceuticals and transportation equipment and increases by affiliates in the petroleum wholesale trade and natural gas distribution industries. For Korean-owned affiliates, imports increased 13 percent, largely as a result of increased

17. The Census Bureau's product-level data for total U.S. imports reveal that a 33-percent increase in imports of petroleum and natural gas accounted for 40 percent of the total increase in U.S. imports of goods in 2003. For both petroleum and natural gas, the increases in nominal import levels partly reflected increases in world fuel prices.

Data Availability

This article summarizes the preliminary estimates from the 2003 annual survey of foreign direct investment in the United States. More detailed estimates will be posted this fall in files that can be downloaded at no charge from BEA's Web site at <www.bea.gov>. Revised estimates will be released next year.

Detailed estimates of U.S. affiliate operations for 1977–2002 are also available from BEA's Web site.

For more information on these products and how to order them, see the International Investment Division Product Guide at <www.bea.gov/bea/ai/iid-guide.htm>.

imports by wholesale trade affiliates specializing in motor vehicles, professional equipment, and electrical goods.

For Japanese-owned affiliates—which have long accounted for the largest share of affiliate imports—imports increased at a relatively modest pace of 5 percent; as a result, their share of affiliate imports dipped from 38 percent to 37 percent, continuing a downward trend. German-owned affiliates continued to account for the second-largest share, which held steady at 17 percent.

Revisions

The estimates of U.S.-affiliate operations in 2003 presented in this article are preliminary. The estimates of employment, sales, and expenditures for property, plant, and equipment supersede the advance summary estimates for majority-owned affiliates that were released on April 19 (BEA news release 05–15). From the advance estimates to the preliminary estimates, the estimate of employment was revised up 0.4 percent, the estimate of sales was revised up 0.3 percent, and the estimate of expenditures was revised down less than 0.1 percent.

The final estimates of U.S.-affiliate operations in 2002 are also presented. The final estimates of employment, sales, and expenditures for property, plant, and equipment (which were also presented in the April news release) supersede the preliminary estimates that were released in August 2004.¹⁸ From the preliminary estimates to the final estimates, the estimate of employment was revised up 0.1 percent, the estimate of sales was revised down 0.6 percent, and the estimate of expenditures was revised down 0.4 percent.

18. See William J. Zeile, "Operations of U.S. Affiliates of Foreign Companies: Preliminary Results From the 2002 Benchmark Survey," *SURVEY* 84 (August 2004): 192–217.

Tables 9.1–10.2 follow.

Table 9.1. Selected Financial and Operating Data of Majority-Owned Affiliates by Industry of Affiliate, 2002

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All industries	4,573,139	1,024,364	111,373	2,030,962	-54,973	460,609	315,779	5,425.4	140,510	335,021	27,507
Manufacturing	1,021,478	487,692	45,714	860,568	-12,435	229,245	151,299	2,236.4	88,462	137,726	20,128
Food	77,836	23,155	1,862	54,650	2,707	14,303	8,217	139.4	3,714	2,303	368
Beverages and tobacco products	26,938	6,776	698	20,352	-1,340	5,678	2,538	49.2	866	2,012	80
Textiles, apparel, and leather products	3,951	3,385	207	3,917	-381	1,406	1,058	23.5	429	404	(D)
Paper	18,425	16,077	1,379	14,594	-1,128	4,341	2,786	42.5	1,318	2,719	75
Printing and related support activities	9,825	5,992	283	10,963	270	4,962	3,319	59.1	262	622	39
Petroleum and coal products	(D)	(D)	(D)	(D)	(D)	(D)	(D)	K	(D)	(D)	(D)
Chemicals	204,009	105,227	(D)	142,752	2,697	45,034	29,823	314.2	14,405	18,707	7,610
Basic chemicals	36,804	32,874	1,855	23,720	23	7,041	4,414	55.1	3,784	2,226	608
Resins and synthetic rubber, fibers, and filaments	31,461	24,820	(D)	26,218	-1,190	5,403	3,173	39.8	2,929	3,322	331
Pharmaceuticals and medicines	105,551	34,299	3,066	70,607	3,575	25,957	18,023	157.3	5,713	11,205	6,373
Soap, cleaning compounds, and toilet preparations	10,501	2,836	193	8,644	174	2,622	1,436	21.9	466	474	74
Other	19,692	10,399	630	13,563	114	4,012	2,777	40.2	1,513	1,480	224
Plastics and rubber products	24,992	17,873	993	27,696	196	9,460	6,829	126.1	2,490	4,448	275
Nonmetallic mineral products	58,730	45,450	2,680	40,753	1,058	15,144	8,939	155.3	1,361	1,458	204
Primary and fabricated metals	45,346	29,904	1,682	48,569	-408	12,980	9,346	154.5	3,415	7,705	254
Primary metals	23,898	17,675	942	25,644	106	5,590	3,880	55.4	1,999	5,649	46
Fabricated metal products	21,448	12,230	740	22,925	-513	7,390	5,466	99.1	1,416	2,056	208
Machinery	96,302	23,759	3,075	68,426	-963	21,055	17,245	257.7	8,269	7,230	1,681
Agriculture, construction, and mining machinery	40,234	5,933	409	17,717	-1,026	4,306	3,822	58.0	3,024	1,490	387
Industrial machinery	6,480	2,343	239	(D)	(D)	1,992	1,849	25.9	997	1,130	192
Other	49,588	15,483	2,427	(D)	(D)	14,757	11,574	173.9	4,248	4,611	1,103
Computers and electronic products	97,161	37,305	2,530	92,429	-9,068	23,082	19,048	247.6	13,084	25,185	4,985
Computers and peripheral equipment	4,883	1,977	302	9,814	-324	1,967	1,794	24.1	2,625	(D)	(D)
Communications equipment	28,452	8,234	466	19,203	-5,324	4,595	4,726	49.1	2,167	4,016	2,055
Semiconductors and other electronic components	19,105	11,970	631	18,352	-1,875	4,729	2,301	40.9	4,406	4,991	(D)
Navigational, measuring, and other instruments	27,707	8,830	616	22,298	-960	7,998	7,002	97.6	2,764	3,797	1,734
Other	17,014	6,294	515	22,763	-585	3,794	3,224	35.9	1,121	(D)	42
Electrical equipment, appliances, and components	26,126	8,682	1,385	19,439	-745	4,481	4,089	80.1	3,027	1,675	380
Transportation equipment	216,942	106,594	14,598	201,062	2,340	36,848	23,907	386.8	30,772	51,815	3,302
Motor vehicles, bodies and trailers, and parts	198,786	101,665	14,325	187,737	2,720	33,547	21,072	339.1	28,282	49,203	3,041
Other	18,156	4,929	272	13,324	-380	3,301	2,835	47.7	2,490	2,612	261
Other	(D)	(D)	3,213	(D)	(D)	(D)	(D)	M	(D)	(D)	708
Wholesale trade	405,104	182,144	21,621	583,660	9,839	75,657	36,290	517.9	47,126	188,761	4,855
Motor vehicles and motor vehicle parts and supplies	86,322	37,167	9,812	129,929	2,273	6,686	4,691	54.3	3,758	68,485	337
Electrical goods	31,847	8,828	726	57,656	-472	6,372	5,007	69.4	5,448	30,023	1,079
Petroleum and petroleum products	122,532	(D)	(D)	160,240	3,970	27,138	5,000	53.9	9,163	22,638	(D)
Other	164,403	(D)	(D)	235,835	4,068	33,461	21,592	340.3	28,757	67,615	(D)
Retail trade	60,663	40,220	4,819	120,605	-726	26,486	16,536	581.8	674	3,979	(D)
Food and beverage stores	38,526	30,686	3,375	86,492	360	19,410	11,994	430.9	1	460	(*)
Other	22,137	9,534	1,444	34,113	-1,086	7,076	4,543	150.9	673	3,519	(D)
Information	250,598	45,617	7,109	75,786	-38,496	24,297	17,118	238.8	1,064	865	803
Publishing industries	86,933	8,235	1,143	31,385	-794	13,784	9,491	121.8	780	163	763
Motion picture and sound recording industries	46,478	3,496	330	(D)	(D)	4,499	1,764	33.6	284	(D)	3
Telecommunications	74,322	28,498	5,109	(D)	(D)	1,850	2,547	38.2	1	(D)	11
Other	42,865	5,388	528	15,698	-7,764	4,165	3,316	45.2	(*)	(D)	26
Finance (except depository institutions) and insurance	2,287,191	29,891	5,866	164,127	-12,275	15,216	30,915	232.3	0	0	(D)
Finance, except depository institutions	1,318,748	15,467	4,759	53,988	-4,568	13,048	17,606	87.8	0	0	(D)
Insurance carriers and related activities	968,444	14,425	1,107	110,139	-7,707	2,168	13,309	144.5	0	0	6
Real estate and rental and leasing	90,623	73,882	7,723	19,031	292	9,647	2,216	33.7	251	482	9
Real estate	76,611	65,742	6,655	13,359	1,125	7,419	1,187	16.2	9	(D)	1
Rental and leasing (except real estate)	14,012	8,140	1,068	5,673	-833	2,228	1,030	17.5	242	(D)	8
Professional, scientific, and technical services	57,108	8,807	974	42,698	31	16,426	12,901	165.0	405	316	1,119
Architectural, engineering, and related services	8,579	2,189	269	7,301	-900	2,172	2,532	37.9	326	96	86
Computer systems design and related services	7,108	2,168	317	6,145	-792	2,833	2,878	29.2	11	76	171
Management, scientific, and technical consulting	10,577	478	56	8,211	1,320	5,661	2,678	37.9	(*)	0	3
Other	30,843	3,971	332	21,041	402	5,760	4,813	59.9	67	143	859
Other industries	400,374	156,111	17,548	164,486	-1,203	63,634	48,503	1,419.5	2,526	2,892	(D)
Agriculture, forestry, fishing, and hunting	4,315	2,630	223	2,130	-20	582	407	9.1	385	207	82
Mining	64,238	39,535	3,354	18,679	-1,208	8,401	5,048	66.5	1,819	50	(D)
Utilities	71,668	47,664	6,305	24,707	987	5,910	2,010	27.0	93	2,281	3
Construction	18,774	8,228	2,806	30,908	178	6,102	5,214	77.9	76	186	(D)
Transportation and warehousing	45,651	25,839	2,265	30,915	-89	11,764	9,727	260.8	70	28	3
Management of nonbank companies and enterprises	115,541	532	76	(D)	(D)	-73	453	4.2	0	0	(*)
Administration, support, and waste management	25,003	3,591	486	21,960	369	14,868	13,279	517.1	(*)	(*)	3
Health care and social assistance	9,038	3,025	271	(D)	(D)	3,942	3,008	85.1	(D)	(D)	(D)
Accommodation and food services	38,768	19,516	1,354	21,732	-564	10,121	7,957	329.0	(*)	6	(*)
Miscellaneous services	7,377	5,551	409	4,754	-348	2,016	1,401	42.8	(D)	(D)	(D)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

Notes. The following ranges are given in employment cells that are suppressed: A—1 to 499; F—500 to 999;

G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

Estimates for 2002 are revised.

Table 9.2. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 2003

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped by affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All industries	5,093,531	1,049,569	108,999	2,136,617	30,580	486,344	317,948	5,253.0	150,829	356,659	29,524
Manufacturing	1,035,133	484,624	39,802	854,519	6,046	227,682	151,447	2,138.3	93,260	138,965	22,017
Food	46,672	19,317	1,399	47,880	-98	9,309	6,542	114.7	7,397	2,054	118
Beverages and tobacco products	27,426	7,224	723	22,654	-1,236	6,948	3,229	50.1	907	1,808	(D)
Textiles, apparel, and leather products	(D)	2,830	161	3,574	-17	1,235	958	19.4	474	341	22
Paper	19,596	16,690	875	15,429	-401	4,237	2,966	44.6	1,307	2,977	64
Printing and related support activities	9,098	5,803	303	10,860	137	4,615	3,400	56.1	254	2,111	51
Petroleum and coal products.....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	K	(D)	(D)	(D)
Chemicals.....	235,676	106,540	(D)	160,222	6,899	49,950	31,319	305.4	16,071	21,084	9,413
Basic chemicals.....	27,316	30,425	1,490	23,191	-671	6,070	3,975	43.5	4,033	2,049	589
Resins and synthetic rubber, fibers, and filaments.....	31,241	25,207	(D)	29,388	-102	5,372	2,960	36.5	3,271	3,719	307
Pharmaceuticals and medicines	112,631	34,194	3,402	75,536	2,937	28,176	18,683	150.0	6,341	13,210	7,974
Soap, cleaning compounds, and toilet preparations.....	45,057	6,345	458	18,165	4,568	6,583	2,853	37.2	619	457	302
Other	19,430	10,369	589	13,941	168	3,748	2,847	38.2	1,806	1,650	242
Plastics and rubber products.....	26,163	18,062	1,185	30,842	-208	9,004	7,057	120.9	2,525	4,735	412
Nonmetallic mineral products.....	60,583	46,530	2,602	41,324	848	14,733	9,036	153.4	1,991	1,446	196
Primary and fabricated metals	44,551	28,629	1,680	46,826	-609	12,327	9,299	144.2	3,709	6,776	216
Primary metals	23,404	16,897	995	24,272	-645	4,497	3,359	50.8	2,214	4,509	34
Fabricated metal products.....	21,147	11,732	685	22,554	37	7,830	5,940	93.4	1,494	2,267	183
Machinery.....	99,454	22,880	2,802	65,263	-278	19,871	17,010	247.6	8,648	9,254	1,563
Agriculture, construction, and mining machinery	41,733	5,093	470	16,386	-564	3,464	3,646	53.9	3,105	1,619	364
Industrial machinery.....	6,597	2,438	192	7,308	-468	1,921	1,961	25.7	1,148	1,155	212
Other	51,124	15,350	2,140	41,568	754	14,486	11,404	168.0	4,396	6,481	987
Computers and electronic products.....	92,661	34,191	2,251	91,809	-4,221	22,849	18,200	219.8	13,987	24,218	5,116
Computers and peripheral equipment.....	(D)	2,071	316	11,193	-253	2,272	1,926	24.8	2,857	5,160	758
Communications equipment.....	27,372	7,517	483	17,361	-3,082	4,527	4,102	43.2	(D)	(D)	1,769
Semiconductors and other electronic components	17,141	10,949	478	16,852	-240	3,568	2,075	34.2	4,913	4,885	427
Navigational, measuring, and other instruments.....	25,973	7,775	501	22,806	-950	8,343	6,843	84.7	3,119	3,683	2,092
Other	(D)	5,880	474	23,598	305	4,139	3,254	32.9	(D)	(D)	70
Electrical equipment, appliances, and components	26,957	9,380	1,406	21,756	-97	5,510	4,454	84.4	3,009	2,103	352
Transportation equipment.....	223,885	104,947	12,862	199,677	2,971	35,191	24,196	377.1	28,713	52,705	3,519
Motor vehicles, bodies and trailers, and parts	205,620	99,997	12,603	185,462	3,251	31,778	21,164	330.9	26,286	50,123	3,256
Other	18,266	4,950	260	14,215	-280	3,413	3,033	46.1	2,427	2,583	262
Other	61,721	(D)	1,172	(D)	(D)	(D)	(D)	M	(D)	(D)	671
Wholesale trade	453,529	195,086	24,661	656,019	16,711	83,843	37,716	512.1	53,113	206,503	5,137
Motor vehicles and motor vehicle parts and supplies.....	108,285	54,557	12,724	146,384	3,268	11,666	5,857	69.4	7,554	75,260	496
Electrical goods	30,440	7,724	703	56,487	153	6,865	4,752	59.3	5,485	31,556	935
Petroleum and petroleum products	148,475	(D)	(D)	221,825	8,357	30,709	5,226	51.6	11,095	30,365	(D)
Other	166,329	(D)	(D)	231,323	4,931	34,603	21,882	331.8	28,979	69,321	(D)
Retail trade	61,254	42,035	5,177	121,967	939	27,878	16,687	564.9	597	3,545	(D)
Food and beverage stores.....	38,530	31,818	3,404	88,339	812	20,122	12,158	419.9	(*)	491	(*)
Other	22,724	10,217	1,773	33,627	127	7,756	4,529	145.0	597	3,054	(D)
Information	265,832	43,063	6,992	81,471	-4,076	26,836	17,495	239.1	1,014	1,059	853
Publishing industries	88,106	8,833	1,123	31,514	-77	14,124	9,575	119.9	726	128	805
Motion picture and sound recording industries.....	47,052	3,428	333	11,997	-85	2,642	1,681	30.0	(D)	(D)	1
Telecommunications	59,317	25,316	4,982	19,371	-3,668	4,316	2,685	39.5	1	(D)	12
Other	71,356	5,486	552	18,589	-246	5,754	3,554	49.7	(D)	5	35
Finance (except depository institutions) and insurance	2,710,029	32,537	6,506	174,766	6,328	25,577	33,133	244.5	0	0	14
Finance, except depository institutions	1,674,977	18,148	5,356	60,998	2,369	12,487	19,547	109.6	0	0	13
Insurance carriers and related activities.....	1,035,052	14,389	1,150	113,768	3,959	13,090	13,587	134.9	0	0	1
Real estate and rental and leasing	91,170	75,103	7,595	19,839	864	10,031	2,305	36.3	(D)	396	8
Real estate	76,861	66,668	6,518	14,441	954	7,923	1,300	19.2	9	1	1
Rental and leasing (except real estate).....	14,309	8,435	1,077	5,398	-89	2,109	1,005	17.1	(D)	395	7
Professional, scientific, and technical services	62,246	8,494	835	49,068	609	17,872	13,107	167.8	(D)	366	1,130
Architectural, engineering, and related services	7,967	1,952	152	6,551	-415	2,546	2,484	36.6	210	103	75
Computer systems design and related services.....	6,916	2,042	246	6,302	-925	2,983	2,889	28.4	9	(D)	193
Management, scientific, and technical consulting	11,663	504	52	8,334	1,487	5,875	2,788	38.5	0	0	3
Other	35,701	3,996	384	27,881	463	6,468	4,946	64.3	(D)	(D)	859
Other industries	414,339	168,626	17,432	178,969	3,160	66,624	46,058	1,349.9	2,239	5,824	(D)
Agriculture, forestry, fishing, and hunting	4,063	2,675	236	2,257	45	610	390	8.3	299	148	76
Mining.....	56,816	35,901	3,256	18,472	554	8,842	4,371	61.3	1,691	73	148
Utilities.....	89,932	61,791	6,636	37,610	741	9,291	2,653	34.7	(D)	5,404	5
Construction.....	18,027	7,821	2,881	28,508	450	5,824	4,579	69.8	86	30	9
Transportation and warehousing	40,682	27,407	1,944	35,061	142	10,777	8,474	196.1	(D)	(D)	3
Management of nonbank companies and enterprises	120,265	550	53	1,488	458	-372	377	3.7	0	3	(*)
Administration, support, and waste management.....	26,419	3,605	439	20,211	682	13,896	12,105	509.8	(*)	0	3
Health care and social assistance.....	9,033	3,077	245	7,671	260	4,095	3,027	80.0	(D)	(D)	(D)
Accommodation and food services	41,538	19,941	1,347	22,553	70	11,294	8,529	342.7	(*)	2	(*)
Miscellaneous services	7,563	5,857	395	5,137	-242	2,367	1,553	43.5	19	21	(D)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

Notes: The following ranges are given in employment cells that are suppressed: A—1 to 499; F—500 to 999;

G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

Estimates for 2003 are preliminary.

Table 10.1. Selected Financial and Operating Data of Majority-Owned Affiliates by Country of Ultimate Beneficial Owner, 2002

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All countries	4,573,139	1,024,364	111,373	2,030,962	-54,973	460,609	315,779	5,425.4	140,510	335,021	27,507
Canada	331,130	86,421	7,620	127,099	-4,404	35,496	24,858	472.5	6,401	18,634	1,599
Europe	3,424,902	650,278	69,535	1,238,745	-30,966	299,965	218,018	3,758.7	74,751	137,838	20,532
Austria	1,900	1,055	148	2,434	15	655	449	8.3	359	(D)	15
Belgium	45,329	15,243	1,042	25,940	239	6,997	3,968	135.4	684	1,137	87
Denmark	16,568	3,275	450	10,007	5	2,738	2,287	46.0	511	1,427	114
Finland	14,095	7,904	361	16,499	-1,030	3,877	2,796	39.5	1,355	4,979	544
France	445,084	68,102	6,991	150,021	-2,841	40,947	28,836	468.5	10,043	14,608	2,860
Germany	542,314	180,949	24,845	299,259	-24,479	59,434	47,541	691.2	30,351	57,386	5,863
Ireland	13,015	5,600	369	10,566	161	3,291	2,117	35.8	94	212	369
Italy	40,418	12,271	1,051	24,140	-317	5,824	4,202	92.9	1,773	3,461	261
Luxembourg	7,617	3,442	558	3,539	90	1,071	543	13.7	303	(D)	(D)
Netherlands	529,323	84,813	8,861	214,593	1,455	39,102	27,965	520.4	5,022	14,817	1,696
Norway	6,396	2,262	390	8,458	-633	833	1,091	15.3	203	868	53
Spain	7,912	2,916	291	5,387	-289	989	844	19.8	219	651	(D)
Sweden	56,988	15,188	2,008	41,903	-664	11,972	9,261	224.9	3,510	5,373	270
Switzerland	874,172	35,271	3,677	109,484	-4,590	30,809	31,886	445.6	5,998	8,438	2,920
United Kingdom	820,099	209,599	18,117	310,414	1,842	90,124	53,734	991.6	14,241	21,344	5,427
Other	3,672	2,390	375	6,101	71	1,302	498	9.6	85	818	5
Latin America and Other Western Hemisphere	244,112	66,398	7,310	123,773	-13,519	36,737	22,059	344.3	9,077	15,331	1,066
South and Central America	35,018	15,769	1,663	45,152	-720	10,041	3,796	67.2	2,490	11,756	(D)
Brazil	3,917	1,780	175	(D)	(D)	723	357	5.4	(D)	2,940	0
Mexico	19,976	6,487	636	15,079	-565	3,299	2,294	46.3	698	2,377	45
Panama	1,338	(D)	(D)	1,299	-422	(D)	(D)	I	(D)	(D)	(D)
Venezuela	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(D)	0
Other	(D)	529	80	2,616	-18	264	200	4.5	86	1,435	2
Other Western Hemisphere	209,094	50,628	5,647	78,621	-12,799	26,696	18,262	277.1	6,587	3,575	(D)
Bahamas	1,073	409	27	351	5	149	85	2.5	13	(D)	(*)
Bermuda	136,161	35,510	3,974	62,324	-12,165	21,745	14,073	215.4	6,486	2,593	(D)
Netherlands Antilles	(D)	(D)	(D)	4,584	-353	(D)	(D)	J	(D)	27	18
United Kingdom Islands, Caribbean	60,224	7,714	967	9,948	-224	1,995	1,831	27.0	42	927	(D)
Other	(D)	(D)	(D)	1,415	-61	(D)	(D)	J	18	(D)	(*)
Africa	6,029	3,831	637	5,288	-16	981	776	10.9	359	399	33
South Africa	5,061	3,398	613	4,876	-36	926	741	10.2	358	(D)	33
Other	968	433	25	412	20	55	35	0.7	(*)	(D)	0
Middle East	23,943	18,417	1,572	30,410	-682	7,439	2,321	47.8	736	7,120	175
Israel	3,728	1,049	273	3,104	-136	631	461	8.9	257	(D)	89
Kuwait	1,825	1,414	72	583	42	192	29	0.9	(D)	(*)	0
Lebanon	870	903	59	436	5	188	105	2.6	(D)	2	(*)
Saudi Arabia	11,986	11,114	716	(D)	(D)	5,105	806	10.9	(D)	(D)	(D)
United Arab Emirates	2,749	2,746	293	514	3	233	84	1.7	(D)	41	0
Other	2,785	1,191	159	(D)	(D)	1,089	836	22.7	98	88	(D)
Asia and Pacific	522,545	191,176	23,699	487,844	-4,592	74,947	44,917	751.6	45,087	152,384	3,413
Australia	69,190	18,251	2,092	22,965	-6,157	6,565	3,619	55.4	313	512	36
China	1,193	618	69	1,984	-9	289	213	3.4	(D)	248	18
Hong Kong	6,217	4,697	478	4,818	44	1,213	515	12.3	142	708	(D)
India	378	134	11	476	-35	88	106	1.6	6	10	0
Japan	412,619	147,327	19,562	409,820	1,906	61,099	37,507	621.0	38,531	127,923	3,159
Korea, Republic of	12,601	5,907	677	30,630	296	2,094	804	12.3	4,368	19,966	(D)
Malaysia	1,648	1,044	66	827	-6	317	243	5.2	(D)	13	(D)
New Zealand	359	60	3	1,043	-9	70	25	0.4	18	836	1
Singapore	8,645	5,312	362	5,532	-213	1,756	946	20.5	(D)	429	(D)
Taiwan	8,517	6,770	240	9,179	-410	1,312	841	16.1	839	1,644	83
Other	1,177	1,055	139	568	1	144	99	3.3	13	94	0
United States	20,478	7,843	1,001	17,803	-795	5,044	2,830	39.7	4,100	3,315	689
Addenda:											
European Union (15) ¹	2,542,468	611,621	65,366	1,116,790	-25,722	267,384	184,696	3,291.7	68,472	127,723	17,554
OPEC ²	26,094	21,547	1,920	(D)	(D)	(D)	(D)	J	796	(D)	18

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

1. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

2. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran,

Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

NOTES. The following ranges are given in employment cells that are suppressed: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

Estimates for 2002 are revised.

Table 10.2. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2003

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All countries	5,093,531	1,049,569	108,999	2,136,617	30,580	486,344	317,948	5,253.0	150,829	356,659	29,524
Canada	335,581	88,782	8,086	133,768	-407	36,279	23,481	394.1	7,110	22,741	1,674
Europe	3,870,708	672,166	68,690	1,304,694	24,500	318,778	220,930	3,686.9	76,335	144,990	22,255
Austria	(D)	1,101	124	2,584	12	642	462	8.5	404	790	15
Belgium	54,672	15,843	861	27,795	671	6,998	4,011	133.3	919	799	113
Denmark	(D)	(D)	353	10,491	121	3,014	2,365	45.8	564	1,438	106
Finland	14,071	7,916	419	16,469	-125	3,738	2,781	35.3	1,223	5,093	(D)
France	515,925	67,104	6,232	156,880	2,093	41,175	28,675	451.8	10,621	15,284	3,691
Germany	572,120	198,585	25,129	301,072	756	63,239	47,359	673.8	32,306	61,191	5,892
Ireland	14,344	6,082	385	11,475	239	3,569	2,274	37.1	79	198	(D)
Italy	35,670	11,351	(D)	21,417	114	5,565	3,995	89.4	1,861	3,224	234
Luxembourg	6,638	3,851	426	2,910	-6	904	598	14.8	81	236	(D)
Netherlands	572,564	87,828	8,155	207,623	8,376	44,281	28,447	502.7	4,960	14,329	1,755
Norway	6,496	2,115	208	8,994	-63	1,082	968	13.6	234	912	(D)
Spain	8,583	3,521	457	6,379	-325	1,037	961	21.7	347	1,050	46
Sweden	32,944	15,255	2,036	41,535	59	12,163	9,320	220.9	3,617	5,805	273
Switzerland	985,906	35,942	3,867	116,077	1,860	34,417	30,629	431.1	5,066	8,477	3,325
United Kingdom	1,026,276	209,039	18,682	366,464	10,886	95,308	57,452	995.8	13,923	25,614	5,820
Other	5,537	(D)	(D)	6,530	-166	633	633	11.2	130	553	6
Latin America and Other Western Hemisphere	235,508	62,517	5,284	130,247	-384	37,165	21,339	336.1	12,650	18,814	956
South and Central America	33,739	16,431	1,300	52,733	246	10,773	3,859	68.6	2,611	14,635	(D)
Brazil	4,019	1,689	1,655	7,552	92	653	345	5.0	(D)	3,602	0
Mexico	18,770	6,723	(D)	14,967	93	3,014	2,290	48.1	797	2,136	14
Panama	(D)	(D)	46	(D)	(D)	(D)	(D)	I	(D)	(D)	(D)
Venezuela	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(D)	0
Other	1,517	631	96	3,095	-2	307	235	4.9	110	1,616	(*)
Other Western Hemisphere	201,769	46,086	3,984	77,514	-629	26,392	17,481	267.5	10,039	4,179	(D)
Bahamas	1,199	462	75	428	70	201	99	2.5	4	9	(*)
Bermuda	131,186	31,148	2,264	59,929	-542	20,800	13,456	211.6	9,933	2,978	720
Netherlands Antilles	(D)	(D)	(D)	4,980	-276	(D)	(D)	J	30	21	(D)
United Kingdom Islands, Caribbean	58,707	7,499	957	10,765	158	2,395	1,681	23.3	49	1,154	(D)
Other	(D)	(D)	(D)	1,414	-39	(D)	(D)	J	23	18	(*)
Africa	4,838	3,815	162	5,457	45	1,050	736	9.4	477	324	31
South Africa	3,851	3,390	140	4,997	-2	958	700	8.8	476	(D)	31
Other	987	425	22	460	47	92	36	0.7	(*)	(D)	0
Middle East	26,737	18,671	1,853	35,115	482	8,341	2,364	47.1	715	5,285	(D)
Israel	5,517	1,226	3,881	8,921	38	921	518	10.1	269	(D)	90
Kuwait	1,995	1,342	101	737	45	230	53	1.5	(D)	(*)	0
Lebanon	1,211	1,181	64	504	6	219	116	2.4	(D)	2	(*)
Saudi Arabia	12,167	10,793	776	(D)	(D)	5,558	728	9.7	(D)	(D)	(D)
United Arab Emirates	3,055	2,929	461	547	58	311	86	1.9	(D)	34	0
Other	2,792	1,200	161	(D)	(D)	1,103	863	21.5	104	89	75
Asia and Pacific	596,834	194,763	24,247	507,521	6,121	79,111	45,958	733.2	48,800	161,123	3,697
Australia	101,333	20,626	1,807	25,990	446	8,209	4,083	58.8	320	524	45
China	1,174	636	71	1,899	-34	238	206	3.0	(D)	243	7
Hong Kong	6,443	4,675	487	5,652	118	1,420	593	14.1	245	913	(D)
India	585	167	15	1,189	-14	159	137	2.2	9	23	(*)
Japan	453,391	148,208	20,252	420,716	6,047	64,025	37,894	599.0	41,364	133,695	3,407
Korea, Republic of	13,911	6,569	1,019	33,766	180	2,069	882	12.2	5,239	22,577	(D)
Malaysia	1,582	1,054	64	776	6	308	228	4.3	(D)	20	(D)
New Zealand	369	63	3	1,059	5	87	31	0.3	(D)	809	1
Singapore	7,980	4,724	166	5,669	-446	1,027	846	17.0	(D)	449	19
Taiwan	8,521	6,859	224	9,779	-174	1,350	931	16.5	802	1,620	101
Other	1,545	1,180	139	1,027	-14	219	128	5.8	18	250	1
United States	23,326	8,855	677	19,814	223	5,620	3,139	46.1	4,743	3,383	(D)
Addenda:											
European Union (15) ¹	2,875,128	632,587	64,457	1,175,478	22,987	282,090	188,877	3,234.6	70,913	135,058	18,882
OPEC ²	26,632	21,825	(D)	54,278	918	(D)	(D)	J	696	(D)	(D)

* Less than \$500,000.

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Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

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Estimates for 2003 are preliminary.