Foreign Direct Investment in the United States: Revised Financial and Operating Data From the 2002 Benchmark Survey

This report presents revised data on the financial structure and operations of U.S. affiliates of foreign direct investors from the 2002 Benchmark Survey of Foreign Direct Investment in the United States, conducted by the Bureau of Economic Analysis (BEA). A U.S. affiliate is a 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 or an equivalent interest.[1]

Benchmark surveys, which are conducted every five years, are BEA's most comprehensive surveys of foreign direct investment, in terms of both coverage of companies and the amount of information collected. The 2002 survey covered all U.S. affiliates of foreign direct investors that had assets, sales, or net income (or loss) of more than $10 million. It collected detailed information on the financial structure and operations of nonbank affiliates (which are also covered in annual surveys of affiliate operations) and related information on bank affiliates (whose operations are covered only in benchmark-survey years). It also collected data on the transactions and positions between the U.S. affiliates and their foreign parents (which are not included in this report). A comprehensive final report on the 2002 benchmark survey results, scheduled for release next year, will include the data on transactions and positions between affiliates and parents as well as data on the affiliates' overall operations.

For nonbank affiliates, the financial and operating data from the benchmark survey extend estimates that begin with the year 1977 and that are derived from both annual and benchmark surveys. In addition, the benchmark data will be used in preparing annual estimates

[1] The financial and operating data of U.S. affiliates cover the entire operations of the U.S. affiliate, irrespective of the percentage of foreign ownership.

of the operations of nonbank affiliates in subsequent nonbenchmark years; these estimates are derived by extrapolating forward the benchmark survey data by the data reported in BEA's annual sample surveys of foreign direct investment in the United States.

In a departure from BEA's previous surveys of foreign direct investment in the United States, the data collected and tabulated from the 2002 benchmark survey provide more detailed information on the operations of majority-owned U.S. affiliates (that is, affiliates that are owned more than 50 percent by foreign direct investors) than on the operations of all (majority-owned plus minority-owned) U.S. affiliates. This change reflects a shift in emphasis in the U.S.-affiliate financial and operating data to companies that are unambiguously under foreign control. Because of the presumption of foreign control, majority ownership is viewed by many as the preferred basis for selecting firms for the analysis of the role of multinational enterprises in a host country's economy.[2] It is also recommended as the primary basis for the compilation of statistics on the operations of foreign-owned firms by the Organisation for Economic Co-operation and Development's forthcoming Handbook of Globalisation Indicators and by the international Manual on Statistics of International Trade in Services.

The industry classification system used in the 2002 benchmark survey is based on the 2002 revision to the North American Industry Classification System (NAICS). For most industries, the classifications under this new system are identical to those in the NAICS-based industry classification system used in the benchmark and annual surveys for 1997-2001.[3] The major change under the new classification system is the addition of several new industries in the

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[2] See, for example, Robert E. Lipsey, "Foreign Direct Investment and the Operations of Multinational Firms: Concepts, History, and Data," in Handbook of International Trade, ed. Kwan Choi and James Harrigan (Oxford, United Kingdom: Basil Blackwell, 2003).

[3] In the surveys of U.S. affiliate operations before 1997, the industry classification system was based on the Standard Industrial Classification.

information sector. In conjunction with this change, the standard presentation in tabulations by industry has been modified to better reflect the industry distribution of the affiliate data. In similar fashion, the standard presentations in country-level tabulations have been updated to reflect changes in the investing country pattern of foreign direct investment in the United States.

Except for the change in industry classification, the concepts and definitions underlying the 2002 data are essentially the same as those used for BEA's 1997 benchmark survey. They are described in Foreign Direct Investment in the United States: Final Results From the 1997 Benchmark Survey, which was published in June 2001.[4] The methodology of the 2002 survey will be published in the comprehensive final report on benchmark survey results next year.

U.S. affiliates with total assets, sales, or net income (or loss) of more than $10 million were required to complete a benchmark survey report for 2002.[5] Affiliates that did not meet these criteria were exempt from reporting, but they had to file an exemption claim with information on the affiliates' total assets, sales, and net income. Estimates for exempt affiliates are included in the universe totals for all data items except affiliate number counts. Because the exempt affiliates are very small, the overall contribution of these estimates to the tabulated data in terms of value is minuscule.[6] Estimates were not made for affiliate number counts, because the number of exempt affiliates that did not file exemption claims could be substantial. Most of the tables in this report that present affiliate number counts show the number of affiliates that were required to report in the benchmark survey; affiliates that were exempt from reporting are

[4] The 1997 benchmark survey publication is available on BEA's Web site at <www.bea.doc.gov>.

[5] In the 1997 benchmark survey, the exemption level for filing a report was $3 million. The exemption level was raised to $10 million to reduce the reporting burden of small enterprises.

[6] The data on total assets, sales and net income that were reported by exempt affiliates account for less than 0.5 percent of the total data for all affiliates.

excluded.

To reduce the burden on respondents, the long form that requested detailed information for nonbank affiliates was filed only by majority-owned affiliates with assets, sales, or net income (or loss) of more than $125 million. Smaller majority-owned affiliates filed a less detailed short form; for these smaller affiliates, BEA estimated the items that are only on the long form, so that the results are presented in the same detail for all majority-owned nonbank affiliates. The short form was also filed by all minority-owned nonbank affiliates (that is, by affiliates that were owned 50 percent or less by foreign direct investors); because the estimates of items that are only on the long form are not prepared for these affiliates, the results for all nonbank affiliates cover only the items that are on the short form. In the benchmark and annual surveys for previous years, large minority-owned affiliates were required to file the detailed long form.

In the benchmark survey, a separate form was filed by bank affiliates, which are not covered in BEA's annual surveys of U.S.-affiliate operations. The data collected on the bank form include information on sales of services, insurance activities, and interest receipts and payments that had not been collected from banks in previous benchmark surveys.

Relation to previous publications

The data for 2002 in this report update universe estimates for 1977-2001 contained in other BEA reports. For similar items, the benchmark survey data in this report are comparable to the universe totals for earlier years, which were either reported in BEA's 1980, 1987, 1992, and 1997 benchmark surveys or estimated from data reported in BEA's annual sample surveys of foreign direct investment in the United States. In contrast to the data from the earlier surveys, however, the 2002 benchmark-survey data for items collected only on the long form are available only for majority-owned affiliates; these data items include certain detail from balance sheets and income statements, sales of services, a number of items used to compute affiliate value added (such as depreciation, depletion, and indirect business taxes), and a number of items

that are collected only in benchmark-survey years (such as employees covered by collective bargaining agreements, U.S. trade in goods by product and by country of destination and origin, and expenditures on research and development performed by affiliates broken down by source of funding).

Table 1 identifies the tables in this report that have counterparts in the benchmark-survey report for 1997 or the annual reports for 1998-2001. It also provides cross-references between the table numbers used in the reports. Because of the shift in emphasis to data on majority-owned affiliates, many of the tables in this report do not have exact counterparts in earlier reports, which mainly presented data for all nonbank affiliates. However, most of the tables for majority-owned nonbank affiliates in this report are comparable to tables for all nonbank affiliates in earlier reports. Table 2 provides cross-references between the tables on majority-owned nonbank affiliates in this report and the corresponding tables on all nonbank affiliates in the reports for 1997-2001.

The estimates for all years are available on BEA's Web site; for further information, see the "International Investment Division Product Guide," on BEA's Web site, at <www.bea.gov/bea/ai/iidguide.htm>.

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UBO Ultimate Beneficial Owner

General Notes to the Tables

- A "U.S. affiliate" is a U.S. business enterprise in which a single foreign person owns or controls, directly or indirectly, 10 percent or more of the voting securities if the enterprise is incorporated or an equivalent interest if the enterprise is unincorporated. "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 government). A "foreign" person is any person resident 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.
- A "majority-owned U.S. affiliate" is a U.S. affiliate which is owned more than 50 percent by foreign direct investors.
- A "foreign parent" is the first person outside the United States in a U.S. affiliate's ownership chain that has a direct investment interest in the affiliate.
- An "ultimate beneficial owner" (UBO) is 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.
- A "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.
- Nonbank U.S. affiliates consist of all affiliates except those classified in depository credit intermediation, which comprises commercial banks, savings institutions, credit unions, bank holding companies, and financial holding companies.
- Bank affiliates consist of all of the affiliates classified in depository credit intermediation.

- The estimates are on a fiscal year basis. The fiscal year of an affiliate is defined as the financial-reporting year that ended in the calendar year. Unless otherwise specified, all balances are as of the close of fiscal year 2002.
- The industry "management of nonbank companies and enterprises" includes holding companies.
- To ascertain the subindustries in an industry grouping, see tables II.A 2 and III.A 2.
- To ascertain the countries in a geographical area, see tables II.A 3 and III.A 3.
- The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.
- OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
- In the tables in which the data are disaggregated by state, "other U.S. areas" consists of the U.S. Virgin Islands, Guam, American Samoa, U.S. offshore oil and gas sites, and all other outlying U.S. areas. For employment, the "foreign" category consists of the employees of U.S. affiliates working abroad for more than one year; for assets, it consists primarily of movable fixed assets temporarily located outside the United States and all foreign assets.
- In the tables in which the data are disaggregated by the industry of the ultimate beneficial owner, "government and government-related entities" consists of foreign governments, government-owned or government-sponsored agencies, quasi-government organizations, and government-run pension funds.
- An asterisk "(*)" indicates a value between -$500,000 and $500,000, less than 500 hectares of land, or fewer than 50 employees.
- Detail may not add to the total, because of rounding.
- A "(D)" indicates that the data have been suppressed to avoid the disclosure of data of

individual companies. For employment cells that have been suppressed, the letter in the data cell indicates an employment size range; the ranges are indicated at the bottom of the tables.

- See the footnotes following the last table.

Footnotes to Tables

Part I. Bank and Nonbank Affiliates

Table I.A 1

1. An affiliate was required to report in the benchmark survey if it had assets, sales, or net income (or loss) greater than $10 million.
2. Number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey; this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.
3. Affiliates that did not have assets, sales, or net income (or loss) greater than $10 million were exempt from filing a benchmark survey report; however; estimates for these exempt affiliates are included in the values for data items collected in the benchmark survey.

Tables I.A 2 and I.A 3

1. This column shows the number of majority-owned affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income greater than $10 million). Affiliates that were exempt from reporting are excluded from this count; however, estimates for exempt affiliates are included in the values for other data items.
2. This column shows the number of companies consolidated on the reports of majority-owned affiliates that were required to report in the benchmark survey. At the aggregate level, and for most industries and countries, this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.
3. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational

facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

4. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing; professional, technical, and scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.

Table I.A 9

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

2. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Part II. All Nonbank Affiliates

Table II.A 1

1. An affiliate was required to report in the benchmark survey if it had assets, sales, or net income (or loss) greater than $10 million.

2. Number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey; this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.

3. Affiliates that did not have assets, sales, or net income (or loss) greater than $10 million were exempt from filing a benchmark survey report; however; estimates for these exempt affiliates are included in the values for data items collected in the benchmark survey.

4. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

5. Expenditures include the net book value of transfers of property, plant, and equipment to the affiliate from related companies.

6. One hectare equals 2.471 acres.

7. Manufacturing employees are employees on the payroll of manufacturing plants. Manufacturing employment includes administrative office and other auxiliary employees located at a manufacturing plant that serve only that plant, but excludes all other employees on the payrolls of administrative offices or other auxiliary units.

Tables II.A 4 and II.A 5

1. An affiliate was required to report in the benchmark survey if it had assets, sales, or net

income (or loss) greater than $10 million.

2. This column shows the number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey. At the aggregate level, and for most industries and countries, this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.

3. Affiliates that did not have assets, sales, or net income (or loss) greater than $10 million were exempt from filing a benchmark survey report; however; estimates for these exempt affiliates are included in the values for data items collected in the benchmark survey.

Table II.A 10

1. This table shows the number of affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million) and that had property, plant, and equipment or employment; affiliates that were exempt from reporting are excluded from this count.

2. A given affiliate is counted once in the all-U.S. total. It is also counted once in each state in which it has property, plant, and equipment or employment. Because an affiliate may have property, plant, and equipment or employment in more than one state, the sum across states exceeds the all-U.S. total.

3. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Table II.C 1

1. Excludes translation adjustments. For unincorporated affiliates that could not provide detail on equity by type, includes total owners' equity. Because these affiliates' cumulative retained earnings--which are an internal, not an external, source of funds--were not reported separately, they could not be excluded.

Table II.D 11

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

2. Includes the gross book value of property, plant, and equipment used for agriculture and forestry, mining, manufacturing, or other industrial purposes. Also includes the gross book value of equipment used in commercial buildings.

3. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Table II.G 19

1. Manufacturing employees are employees on the payroll of manufacturing plants located in the state. Manufacturing employment includes administrative office and other auxiliary employees located at a manufacturing plant that serve only that plant, but excludes all other employees on the payrolls of administrative offices or other auxiliary units.

Part III. Majority-Owned Nonbank Affiliates

Table III.A 1

1. An affiliate was required to report in the benchmark survey if it had assets, sales, or net income (or loss) greater than $10 million.

2. Number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey; this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.

3. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

4. Expenditures include the net book value of transfers of property, plant, and equipment to the affiliate from related companies.

5. Includes a minor amount of expenditures for property other than land and mineral rights.

6. One hectare equals 2.471 acres.

7. Sales of goods are defined as sales generated by activities characteristic of the following group of industries: Agriculture and forestry, except support activities; mining, except support activities; construction; manufacturing; and wholesale and retail trade.

8. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing; professional, technical, and scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and

miscellaneous services.

9. Consists of investment income that is included in "sales or gross operating revenues" in the income statement. In finance and insurance, affiliates include investment income in sales because it is generated by a primary activity of the company. In other industries, most affiliates consider investment income to be an incidental revenue source; this income is included in the income statement in a separate "other income" category, but it is not included in the affiliates' sales or in this line.

10. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of U.S. income taxes, excludes capital gains and losses and income from equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

11. Manufacturing employees are employees on the payroll of manufacturing plants. Manufacturing employment includes administrative office and other auxiliary employees located at a manufacturing plant that serve only that plant, but excludes all other employees on the payrolls of administrative offices or other auxiliary units.

12. Consists of all employees engaged in research and development, including managers, scientists, engineers, and other professional and technical employees.

13. Interest receipts exclude, but interest payments and dividends or remitted profits include, withholding taxes.

Tables III.A 4 and III.A 5

1. The number counts are for affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million); affiliates that were exempt from reporting are excluded from the counts.

2. This column shows the number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey. At the aggregate level, and for most industries and countries, this number is substantially higher than the number of affiliates because the report

for a single affiliate may represent the consolidation of many companies.

Table III.A 6

1. This column shows the number of affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million); affiliates that were exempt from reporting are excluded from this count.

2. This column shows the number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey. At the aggregate level, and for most industries and countries, this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.

3. Includes rental and leasing (except real estate); administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.

Table III.A 8

1. For industry classification, each U.S. affiliate was required to disaggregate its sales by four-digit International Surveys Industry Classification code; the affiliate was classified in the industry in which its sales were largest (for details, see “Methodology” in the 1997 benchmark survey publication).

When sales and employment are disaggregated by industry of affiliate, total sales and employment of a given affiliate are shown in the industry in which the affiliate was classified. When sales and employment are disaggregated by industry of sales, they are distributed among all the industries in which the affiliate reported sales; that is, the sales and employment associated with each industry of sales are shown in that industry regardless of the affiliate's industry of classification.

2. Employees on the payrolls of administrative offices and other auxiliary units. Excludes administrative or auxiliary employees that are located at an operating unit and serve only that

operating unit; these employees are classified in the industry of sales of the operating unit that they serve.

3. In the breakdown of sales and employment by industry of sales, U.S. affiliates that filed the long form in the benchmark survey had to specify their ten largest sales categories, and U.S. affiliates that filed the short form had to specify their four largest sales categories. In addition, affiliates were required to report their employment in auxiliaries. This line shows sales and employment in all unspecified industries combined.

Table III.A 10

1. This table shows the number of majority-owned affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million) and that had property, plant, and equipment or employment; affiliates that were exempt from reporting are excluded from this count.

2. A given affiliate is counted once in the all-U.S. total. It is also counted once in each state in which it has property, plant, and equipment or employment. Because an affiliate may have property, plant, and equipment or employment in more than one state, the sum across states exceeds the all-U.S. total.

3. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Tables III.B 2 and III.B 4

1. Includes common and preferred stock and additional paid-in capital, less treasury stock.

2. Includes cumulative translation adjustments and all other components of accumulated comprehensive income for all affiliates and total owners' equity of those unincorporated affiliates that could not provide detail on equity by type. For all majority-owned nonbank affiliates combined, cumulative translation adjustments as of yearend 2002 were -$5.8 billion.

Table III.C 1

1. Excludes translation adjustments. For unincorporated affiliates that could not provide detail on equity by type, includes total owners' equity. Because these affiliates' cumulative retained earnings--which are an internal, not an external, source of funds--were not reported separately, they could not be excluded.

2. For all industries combined and for each of the selected industries shown, column 2 equals column 3 in table III.B 2.

Tables III.C 2—III.C 8

1. Excludes translation adjustments. For unincorporated affiliates that could not provide detail on equity by type, includes total owners' equity. Because these affiliates' cumulative retained earnings--which are an internal, not an external, source of funds--were not reported separately, they could not be excluded.

2. For the selected country of UBO covered by this table, column 2 for this line equals column 3 for the country's line in table III.B 4.

Tables III.D 1 and III.D 2

1. Includes mineral rights and minor amounts of property other than land.

Table III.D 6

1. Includes the net book value of transfers of property, plant, and equipment to the affiliate from related companies. Equals column 2 in table III.D 20.

2. Includes transfers of property, plant, and equipment from the affiliate to related companies.

3. Consists of the following: (1) Restatements resulting from a change in the entity, and revaluations of property, plant, and equipment to a fair market or appraised value; and (2) the property, plant, and equipment balance on the date of acquisition of majority-owned affiliates

that were acquired during the year, less the closing FY 2001 balance of affiliates that left the universe of majority-owned affiliates in 2002 because they were sold or liquidated or because the foreign parents' interest was otherwise reduced to 50 percent or less.

For a given industry, restatement may also reflect the net book value of property, plant, and equipment of affiliates whose industry classification changed in 2002. A positive value would be recorded in the industry the affiliate entered, and a negative value of the same amount would be recorded in the industry it left. Because such changes are offsetting among industries, they do not affect the all-industries total.

4. Net property, plant, and equipment in this column differs from that in column 7 of table III.B 1. Net property, plant, and equipment in this column covers all property, plant, and equipment wherever carried in the balance sheet, including that carried in the "property, plant, and equipment" account, the "other noncurrent assets" account, and the "inventories" account. In contrast, net property, plant, and equipment in column 7 of table III.B 1 covers only property, plant, and equipment carried in the "property, plant, and equipment" account of the balance sheet. For example, the value of commercial buildings held by insurance companies for investment purposes is included in this column but excluded from column 7 of table III.B 1 because such property is normally carried in the "other noncurrent asset" account of the balance sheet, not in the "property, plant, and equipment" account.

Table III.D 7

1. Includes the net book value of transfers of property, plant, and equipment to the affiliate from related companies. Equals column 2 in table III.D 21.

2. Includes transfers of property, plant, and equipment from the affiliate to related companies.

3. Consists of the following: (1) Restatements resulting from a change in the entity; revaluations of property, plant, and equipment to a fair market or appraised value; and (2) the property, plant, and equipment balance on the date of acquisition of majority-owned affiliates that were acquired during the year, less the closing FY 2001 balance of affiliates that left the

universe of majority-owned affiliates in 2002 because they were sold or liquidated or because the foreign parents' interest was otherwise reduced to 50 percent or less.

For a given country, restatement may also reflect the net book value of property, plant, and equipment of affiliates whose country of UBO changed in 2002. A positive value would be recorded in the country of the new UBO, and a negative value of the same amount would be recorded in the country of the previous UBO. Because such changes are offsetting among countries, they do not affect the all-countries total.

4. Net property, plant, and equipment in this column differs from that in column 7 of table III.B 3. Net property, plant, and equipment in this column covers all property, plant, and equipment wherever carried in the balance sheet, including that carried in the "property, plant, and equipment" account, the "other noncurrent assets" account, and the "inventories" account. In contrast, net property, plant, and equipment in column 7 of table III.B 3 covers only property, plant, and equipment carried in the "property, plant, and equipment" account of the balance sheet. For example, the value of commercial buildings held by insurance companies for investment purposes is included in this column but excluded from column 7 of table III.B3 because such property is normally carried in the "other noncurrent asset" account of the balance sheet, not in the "property, plant, and equipment" account.

Table III.D 8

1. Net property, plant, and equipment shown for an industry or country in this table differs from that for the corresponding industry or country in column 7 of table III.B 1 or column 7 of table III.B 3. Net property, plant, and equipment in this table covers all property, plant, and equipment wherever carried in the balance sheet, including that carried in the "property, plant, and equipment" account, the "other noncurrent assets" account, and the "inventories" account. In contrast, net property, plant, and equipment in column 7 of tables III.B 1 and III.B 3 covers only property, plant, and equipment carried in the "property, plant, and equipment" account of the balance sheet. For example, the value of commercial buildings held by insurance companies

for investment purposes is included in this column but excluded from column 7 of tables III.B 1 and III.B 3 because such property is normally carried in the “other noncurrent asset” account of the balance sheet, not in the “property, plant, and equipment” account.

Tables III.D 9 and III.D 10

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

2. Includes the gross book value of property, plant, and equipment used for agriculture and forestry, mining, manufacturing, or other industrial purposes. Also includes the gross book value of equipment used in commercial buildings.

Table III.D 11

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

2. Includes the gross book value of property, plant, and equipment used for agriculture and forestry, mining, manufacturing, or other industrial purposes. Also includes the gross book value of equipment used in commercial buildings.

3. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Table III.D 12

1. All data for a given U.S. affiliate are shown in the single industry in which the affiliate was classified on the basis of its total U.S. operations. The affiliate's activity in a particular state may differ from that of its total U.S. operations.

2. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Tables III.D 13 and III.D 14

1. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Table III.D 15

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

Table III.D 16

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

All data for a given U.S. affiliate are shown in the single industry in which the affiliate was classified on the basis of its total U.S. operations. The affiliate's activity in a particular state may differ from that of its total U.S. operations.

Table III.D 17

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

Table III.D 18

1. This table shows the number of majority-owned affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million) and that had property, plant, and equipment. Affiliates that were exempt from reporting are excluded from this count; however, estimates for exempt affiliates are included in the values for property, plant, and equipment.
2. A given affiliate is counted once in the all-U.S. total; it is also counted once in each state in which it has property, plant, and equipment. Because an affiliate may have property, plant, and equipment in more than one state, the sum across states exceeds the all-U.S. total.
3. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Table III.D 19

1. This table shows the number of majority-owned affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10

million) and that had property, plant, and equipment. Affiliates that were exempt from reporting are excluded from this count; however, estimates for exempt affiliates are included in the values for property, plant, and equipment.

2. A given affiliate is counted once in the total for both use categories combined; it is also counted once in each use category in which it has property, plant, and equipment. Because an affiliate may have property, plant, and equipment in both use categories, the sum across use categories exceeds the total for both use categories combined.

3. Consists of affiliates with commercial property. Commercial property comprises all commercial buildings and associated land owned by the affiliate that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

4. Consists of affiliates with property, plant, and equipment used for agriculture, mining, manufacturing, or other industrial purposes.

5. A given affiliate is counted once in the all-U.S. total; it is also counted once in each state in which it has property, plant, and equipment. Because an affiliate may have property, plant, and equipment in more than one state, the sum across states exceeds the all-U.S. total.

6. Includes aircraft, railroad rolling stock, satellites, undersea cable, and trucks engaged in interstate transportation.

Tables III.D 20 and III.D 21

1. Includes the net book value of transfers of property, plant, and equipment to the affiliate from related companies.

2. Equals column 2 plus column 8.

3. In table III.D 20, equals column 5 in table III.D 6; in table III.D 21, equals column 5 in table III.D 7.

4. Includes a minor amount of expenditures for property other than land and mineral rights.

Table III.D 22

1. Includes the net book value of transfers of property, plant, and equipment to the affiliate from related companies.

Table III.D 23

1. Includes the net book value of transfers of plant and equipment to the affiliate from related companies, and a minor amount of expenditures for property other than land and mineral rights.

Tables III.D 24 and III.D 25

1. One hectare equals 2.471 acres.

Tables III.E 1 and III.E 2

1. Consists of gains or losses resulting from the sale or other disposition of assets, changes in the dollar value of the affiliates' foreign-currency-denominated assets and liabilities that are caused by changes in exchange rates, and all other unusual or nonrecurring gains or losses, including those resulting from the revaluation of assets, whether realized or not.

Tables III.E 7 and III.E 8

1. For industry classification, each U.S. affiliate was required to disaggregate its sales by four-digit International Surveys Industry Classification code; the affiliate was classified in the industry in which its sales were largest (for details, see “Methodology” in the 1997 benchmark survey publication).

When sales are disaggregated by industry of affiliate, total sales of a given affiliate are shown in the industry in which the affiliate was classified. When sales are disaggregated by industry of sales, they are distributed among all the industries in which the affiliate reported

sales; that is, sales associated with each industry of sales are shown in that industry regardless of the affiliate's industry of classification.

2. In the breakdown of sales by industry of sales, U.S. affiliates that filed the long form in the benchmark survey had to specify their ten largest sales categories, and U.S. affiliates that filed the short form had to specify their four largest sales categories. Sales in all unspecified industries combined are shown on this line.

Table III.E 9

1. For industry classification, each U.S. affiliate was required to disaggregate its sales by four-digit International Surveys Industry Classification code; the affiliate was classified in the industry in which its sales were largest (for details, see “Methodology” in the 1997 benchmark survey publication).

When sales are disaggregated by industry of affiliate, total sales of a given affiliate are shown in the industry in which the affiliate was classified. When sales are disaggregated by industry of sales, they are distributed among all the industries in which the affiliate reported sales; that is, sales associated with each industry of sales are shown in that industry regardless of the affiliate's industry of classification.

2. Includes sales in all unspecified industries, which are not shown in a separate column in this table. The all-industries total in this column thus exceeds the sum across the industries shown in this table by the amount of sales in all unspecified industries.

Tables III.E 12 and III.E 13

1. Sales of goods are defined as sales generated by activities characteristic of the following group of industries: Agriculture and forestry, except support activities; mining, except support activities; construction; manufacturing; and wholesale and retail trade.

2. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing;

professional, technical, and scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.

3. Consists of investment income that is included in "sales or gross operating revenues" in the income statement. In finance and insurance, affiliates include investment income in sales because it is generated by a primary activity of the company. In other industries, most affiliates consider investment income to be an incidental revenue source; this income is included in the income statement in a separate "other income" category, but it is not included in the affiliates' sales or in this column.

4. Consists of any sales to foreign business enterprises in which the U.S. affiliate has a 10-percent-or-more voting ownership interest.

Table III.E 14

1. Sales of goods are defined as sales generated by activities characteristic of the following group of industries: Agriculture and forestry, except support activities; mining, except support activities; construction; manufacturing; and wholesale and retail trade.

Table III.E 15

1. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing; professional, technical, and scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.

Table III.F 1

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income (column 10 in table III.E 1), it is gross of U.S. income taxes, excludes capital gains and losses and income from equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

2. Equals interest payments (column 2 in table III.I 1), plus imputed interest paid, minus interest receipts (column 1 in table III.I 1), minus imputed interest received. Imputed interest paid and received, which correspond to measures of the value of services provided by life insurance carriers and financial intermediaries without explicit charge, are estimated.

3. Equals column 4 in table III.I 1. In previous publications, this component of value added was termed “indirect business taxes.”

4. Equals column 8 in table III.D 6.

Table III.F 6

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of U.S. income taxes, excludes capital gains and losses and income from equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

Tables III.G 1 and III.G 2

1. Consists of all employees engaged in research and development, including managers, scientists, engineers, and other professional and technical employees.

Table III.G 7

1. All data for a given U.S. affiliate are shown in the single industry in which the affiliate was classified on the basis of its total U.S. operations. The affiliate's activity in a particular state may

differ from that of its total U.S. operations. Table III.G 13 provides a better indication of affiliates' manufacturing employment by state; in that table, manufacturing employment covers only employees on the payrolls of manufacturing plants located in the state.

Tables III.G 10 and III.G 11

1. For industry classification, each U.S. affiliate was required to disaggregate its sales by four-digit International Surveys Industry Classification code; the affiliate was classified in the industry in which its sales were largest (for details, see “Methodology” in the 1997 benchmark survey publication).

When employment is disaggregated by industry of affiliate, total employment of a given affiliate is shown in the industry in which the affiliate was classified; when employment is disaggregated by industry of sales, it is distributed among all the industries in which the affiliate reported sales; that is, the number of employees associated with each industry of sales is shown in that industry regardless of the affiliate's industry of classification.

2. Employees on the payrolls of administrative offices and other auxiliary units. Excludes administrative or auxiliary employees that are located at an operating unit and serve only that operating unit; these employees are classified in the industry of sales of the operating unit that they serve.

3. In the breakdown of sales and employment by industry of sales, U.S. affiliates that filed the long form in the benchmark survey had to specify their ten largest sales categories, and U.S. affiliates that filed the short form had to specify their four largest sales categories. In addition, affiliates were required to report their employment in administrative offices and other auxiliary units. Employment in all unspecified industries combined is shown on this line.

Table III.G 12

1. For industry classification, each U.S. affiliate was required to disaggregate its sales by four-digit International Surveys Industry Classification code; the affiliate was classified in the

industry in which its sales were largest (for details, see “Methodology” in the 1997 benchmark survey publication).

When employment is disaggregated by industry of affiliate, total employment of a given affiliate is shown in the industry in which the affiliate was classified; when employment is disaggregated by industry of sales, it is distributed among all the industries in which the affiliate reported sales; that is, the number of employees associated with each industry of sales is shown in that industry regardless of the affiliate's industry of classification.

2. Includes employment in auxiliaries and in all unspecified industries, which are not shown in separate columns in this table. The all-industries total in this column thus exceeds the sum across the industries shown in this table by the amount of employment in auxiliaries and in all unspecified industries.

Table III.G 13

1. Manufacturing employees are employees on the payroll of manufacturing plants located in the state. Manufacturing employment includes administrative office and other auxiliary employees located at a manufacturing plant that serve only that plant, but excludes all other employees on the payrolls of administrative offices or other auxiliary units.

Table III.G 15

1. Consists of all employees engaged in research and development, including managers, scientists, engineers, and other professional and technical employees.

Table III.G 18

1. This table shows the number of majority-owned affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million) and that had employment. Affiliates that were exempt from reporting are excluded from this count; however, estimates for exempt affiliates are included in the data for employment.

2. A given affiliate is counted once in the all-U.S. total; it is also counted once in each state in which it has employment. Because an affiliate may have employment in more than one state, the sum across states exceeds the all-U.S. total.

Tables III.H 1 and III.H 2

1. Consists of exports to, or imports from, foreign business enterprises in which the U.S. affiliate has a 10-percent-or-more voting ownership interest.

Tables III.H 22—III.H 34

1. A U.S. affiliate was required to disaggregate its U.S. exports and imports by country of destination or origin only for those countries to which its exports, or from which its imports, were $500,000 or more. Its exports to, or imports from, all other countries were reported as a single item and are classified in "unallocated." For estimated reports, exports to, and imports from, unaffiliated foreigners could not be distributed by country of destination or origin and are thus included in this category.

Tables III.H 35 and III.H 36

1. Consists of imports of capital equipment and other goods that are intended for use by the affiliate itself and that are charged to the affiliate's property, plant, and equipment account (rather than expensed or added to inventories).

Tables III.I 1 and III.I 2

1. Interest receipts exclude, but interest payments and dividends or remitted profits include, withholding taxes.

Tables III.I 4 and III.I 5

1. In table III.I 4, comparable with column 5 in table I-1, and in table III.I 5, comparable with

column 5 in table I-2, in the annual survey publications for 1998-2001.

Part IV. Bank Affiliates

Table IV.A 1

1. An affiliate was required to report in the benchmark survey if it had assets, sales, or net income (or loss) greater than $10 million.

2. Number of companies consolidated on the reports of affiliates that were required to report in the benchmark survey; this number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.

3. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

4. Includes the gross book value of property, plant, and equipment used for agriculture and forestry, mining, manufacturing, or other industrial purposes. Also includes the gross book value of equipment used in commercial buildings.

5. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing; professional, technical, and scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.

Table IV.A 3

1. This column shows the number of affiliates that were required to report in the benchmark

survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million).

2. This column shows the number of companies consolidated on affiliate reports. This number is substantially higher than the number of affiliates because the report for a single affiliate may represent the consolidation of many companies.

3. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

Table IV.A 9

1. Consists of the gross book value of all commercial buildings and associated land that are owned by the affiliate and that are either used or operated by the affiliate or leased or rented to others. Commercial buildings include apartment buildings, office buildings, hotels, motels, and buildings used for wholesale, retail, and services trades, such as shopping centers, recreational facilities, department stores, bank buildings, restaurants, public garages, and automobile service stations.

Table IV.A 10

1. This table shows the number of majority-owned affiliates that were required to report in the benchmark survey (that is, affiliates with assets, sales, or net income (or loss) greater than $10 million) and that had property, plant, and equipment or employment; affiliates that were exempt from reporting are excluded from this count.

2. A given affiliate is counted once in the all-U.S. total. It is also counted once in each State in which it has property, plant, and equipment or employment. Because an affiliate may have property, plant, and equipment or employment in more than one State, the sum across States

exceeds the all-U.S. total.

Table IV.E 16

1. Sales of services are defined as sales generated by activities characteristic of the following group of industries: Information; finance and insurance; real estate and rental and leasing; professional, technical, and scientific services; support activities for agriculture and forestry; support activities for mining; utilities; transportation and warehousing; management of companies and enterprises; administrative and support services; waste management and remediation services; health care and social assistance; accommodation and food services; and miscellaneous services.