

# Operations of U.S. Affiliates of Foreign Companies

## Preliminary Results From the 2002 Benchmark Survey

By William J. Zeile

CONSISTENT with patterns in the overall U.S. economy, preliminary results from BEA's latest benchmark survey of foreign direct investment in the United States (FDIUS) reveal that production and employment by majority-owned nonbank U.S. affiliates of foreign companies moved in divergent directions in 2002. Their production, as measured by current-dollar value added, increased 9 percent, most of which likely represented an increase in real terms (table 1).<sup>1</sup> In contrast, their employment decreased 3 percent. These movements were in the same direction, but they were somewhat sharper than the corresponding movements for all U.S. businesses in nonbank private industries. For current-dollar value added, the increase for affiliates substantially exceeded the 3-percent increase for all U.S. businesses. For employment, the decrease for affiliates exceeded the 1-percent decrease for all U.S. businesses.

The increase in value added by majority-owned U.S. affiliates ("U.S. affiliates") in 2002 represented a turnaround from 2001, when value added decreased 7 percent.<sup>2</sup> In contrast, total value added in nonbank U.S. private industries (in current dollars) increased in both

2002 and 2001; in 2001, it increased 2 percent. For employment by U.S. affiliates, the 3-percent decrease in 2002 followed a decrease of 1 percent in 2001, a slightly larger rate of decrease than that for total employment in nonbank U.S. private industries.

In dollar terms, the value added of U.S. affiliates increased from \$417 billion in 2001 to \$454 billion in 2002; as a result, the affiliate share of U.S. value added in private industries increased from 5.4 percent to 5.7 percent (chart 1). The affiliate share in 2002 was less than the 5.9-percent share reached in 2000, but it was higher than the share in earlier years; in 1997, the previous benchmark survey year, the share was less than 5 percent.

In contrast to the rapid increases in affiliate value added that occurred in 1998–2000—which were

**Table 1. Value Added and Employment of Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988–2002**

	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	3.5
1989	168,547	4.0	3,573	3.9
1990	190,477	4.3	3,842	4.2
1991	207,126	4.6	3,991	4.4
1992	214,781	4.5	3,904	4.3
1993	223,008	4.4	3,852	4.1
1994	244,690	4.5	3,954	4.1
1995	254,938	4.5	4,023	4.0
1996	283,422	4.7	4,156	4.1
1997	313,655	4.9	4,269	4.1
1998	353,860	5.2	4,669	4.3
1999	397,295	5.6	5,064	4.6
2000	447,287	5.9	5,657	5.0
2001 <sup>1</sup>	417,122	5.4	5,594	4.9
2002 <sup>2</sup>	453,637	5.7	5,420	4.8
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 <sup>1</sup>	-6.7		-1.1	
2002 <sup>2</sup>	8.8		-3.1	

<sup>1</sup> Preliminary.

<sup>2</sup> Revised.

NOTES: 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 Brian C. Moyer, Mark A. Planting, Paul V. Kern, and Abigail M. Kish, "Improved Annual Industry Accounts for 1998–2003: Integrated Annual Input-Output Accounts and Gross-Domestic-Product-by-Industry Accounts," SURVEY OF CURRENT BUSINESS 84 (June 2004):21–57.

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. A price index specifically applicable to foreign-owned companies is not available, but the chain-type index for value added in U.S. private industries increased only 1.3 percent in 2002, well below the rate of increase in U.S.-affiliate value added; see table 7A in Brian C. Moyer, Mark A. Planting, Paul V. Kern, and Abigail M. Kish, "Improved Annual Industry Accounts for 1998–2003: Integrated Annual Input-Output Accounts and Gross-Domestic-Product-by-Industry Accounts," SURVEY OF CURRENT BUSINESS 84 (June 2004): 44. This article is also the source of data on value added in U.S. private industries. Data on U.S. employment in U.S. private industries were obtained from table 6.4D of the "National Income and Product Tables."

Previously, value added was referred to as "gross product." The change in terms conforms with the changes that were initiated as part of the recent comprehensive revision of the national income and product accounts. See Nicole Mayerhauser, Shelly Smith, and David F. Sullivan, "Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables," SURVEY 83 (August 2003): 20.

2. In this article, the focus is on U.S. affiliates that are majority-owned by foreign parent companies and thus are unambiguously under their 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 foreign multinational enterprises in host-country production, employment, and trade. 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*. See also 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). Financial and operating data for all nonbank U.S. affiliates—including those that are owned 50 percent or less by foreign investors—are presented in the appendix.

substantially boosted by foreign acquisitions of U.S. companies—the increase in affiliate value added in 2002 occurred in the face of a slump in new foreign investment. The increase in 2002 mainly reflected a recovery in ongoing affiliate operations from weak market conditions in 2001 rather than expansions due to new foreign ownership.<sup>3</sup> In the manufacturing and information sectors in particular, affiliate value added increased substantially in 2002 after decreasing in 2001, reflecting rebounds in the ongoing operations of several large affiliates. In information, the rebounds for some affiliates reflected the shutdown of unprofitable business operations.

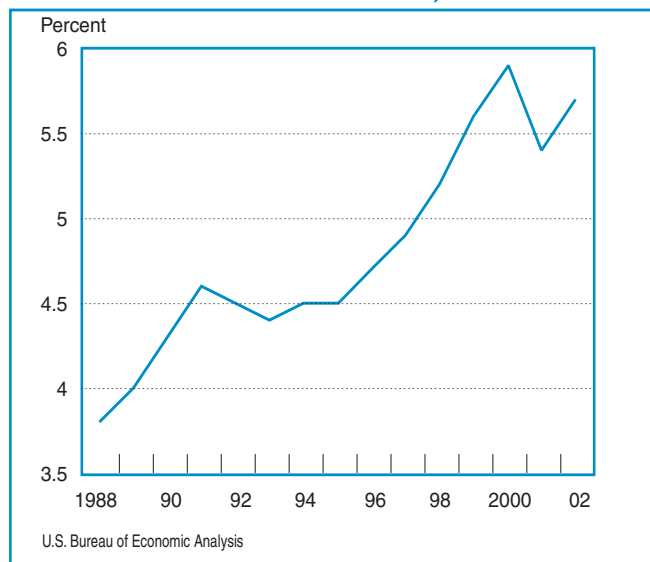
Employment by majority-owned nonbank U.S. affiliates decreased to 5.4 million employees in 2002 from 5.6 million employees in 2001 and from a peak of 5.7 million employees in 2000; the affiliate share of total U.S. employment in private industries dipped to 4.8 percent in 2002 from 4.9 percent in 2001 and 5.0 percent in 2000.<sup>4</sup> In both 2001 and 2002, employment by affiliates decreased more than total U.S. employment in private industries, partly reflecting 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 2002, employment in manufacturing, which decreased 7 percent for all U.S. businesses, accounted for 34 percent of total 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 3 percent for all U.S. businesses, accounted for less than 2 percent of employment by affiliates, but it accounted for about 12 percent of total U.S. private industry employment. In 2002, cutbacks in employment by several large affiliates in manufacturing were accompanied by increases in value added.

Despite these decreases, majority-owned nonbank U.S. affiliates in 2002 employed about 25 percent more workers than in 1997 (4.3 million) and about 75 percent more than in 1988 (3.1 million); these increases were mainly the result of foreign acquisitions of U.S. companies. Including employment by bank affiliates (which is collected only in benchmark surveys), U.S. affiliates employed 5.6 million workers in 2002, com-

3. According to data from BEA's survey of new foreign investments, outlays by foreign direct investors to acquire or to establish businesses in the United States dropped in 2002 to \$55 billion, the lowest level since 1994. Outlays for new investment had also dropped in 2001, from a record \$336 billion in 2000 to \$147 billion in 2001; see Thomas W. Anderson, "Foreign Direct Investment in the United States: New Investment in 2003," *SURVEY* 84 (June 2004): 59–66.

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

**Chart 1. Majority-Owned Nonbank U.S.-Affiliate Share of Value Added in Private Industries, 1988–2002**



pared with 4.4 million workers in 1997.<sup>5</sup>

The following are additional highlights of the results from the 2002 benchmark survey.

- By country of ownership, the United Kingdom remained the largest investing country in terms of affiliate value added; Japan and Germany were the next largest investing countries.
- By industrial sector, the affiliate shares of U.S. employment were highest in mining (21 percent) and in manufacturing (13 percent). Since 1997, the affiliate share has increased substantially in mining and in utilities.
- By state, the affiliate shares of employment were highest in Hawaii, in South Carolina, and in Connecticut. The affiliate shares of manufacturing employment were highest in Delaware, in South Carolina, and in Kentucky.
- Affiliates accounted for 14 percent of the research and development (R&D) performed by all U.S. businesses; in 1997, the affiliate share was 11 percent. Almost all of the R&D performed by affiliates was funded either by the affiliates or by other private companies; only 2 percent was funded by the Federal Government.
- The share of affiliate employment covered by collective bargaining agreements was 15 percent, compared with 9 percent for all U.S. businesses. Affiliates accounted for 9 percent of the union-represented employment of all U.S. businesses in 2002, up from 6 percent in 1997.

5. Preliminary results for bank affiliates are being reported for the first time in this article. Previously, only the final results for these affiliates were published.

- Affiliates accounted for 20 percent of U.S. exports of goods and for 28 percent of U.S. imports of goods. More than three-fourths of the imports by affiliates were shipped from the affiliates' parent companies or from other foreign companies with close ownership ties to the parents.
- By product, affiliates accounted for about 70 percent of U.S. exports of mineral fuels and lubricants and for about 65 percent of U.S. imports of road vehicles and parts; since 1997, both shares have increased, partly because of foreign acquisitions of U.S. companies.
- By major U.S. trading partner, affiliates accounted for more than 40 percent of U.S. exports of goods to Japan and Switzerland, and they accounted for more than 50 percent of U.S. imports of goods from Japan, Switzerland, the Republic of Korea, Saudi Arabia, and Germany.
- Bank affiliates had total assets of \$2.2 trillion; the total assets of nonbank affiliates were \$4.6 trillion. In terms of assets, the largest investing countries for bank affiliates were Germany and the United Kingdom.

In the rest of this article, trends and patterns in affiliate operations are discussed. The discussion of trends is based on data items that are collected in both the benchmark survey and the annual surveys of FDIUS. Findings from the data items that are collected only in benchmark surveys are then discussed. Several additional measures of U.S.-affiliate operations are presented in tables at the end of this article.

### Trends in Affiliate Operations

Two key measures—value added and employment—are used in this discussion of the trends in U.S.-affiliate operations to gauge the magnitude of these operations relative to the U.S. economy. Value added by affiliates is their contribution to U.S. gross domestic product; the contribution of affiliates to total private business activity in the United States is measured by their share of U.S. value added in private industries. At the industry and state level, the measure used to gauge the affiliate share of economic activity is employment, which is available at a more detailed level than the data on affiliate 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** (previously referred to as “gross product”). 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 the value added of U.S. affiliates are conceptually consistent with BEA's estimates of U.S. value added by industry.

### The 2002 Benchmark Survey

Benchmark surveys 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 of more than \$10 million. It collected detailed information on the financial structure and operations of U.S. affiliates and on the transactions and positions between the U.S. affiliates and their foreign parents.

The concepts and definitions underlying the 2002 survey are essentially the same as those underlying the previous benchmark survey, which covered 1997. The methodology of the 2002 survey will be published with the final survey results next year.

The financial and operating data from the benchmark survey extend the universe estimates that begin with the estimates for 1977 and that are derived from both annual and benchmark surveys. In addition, the benchmark survey data will be used in preparing annual estimates in subsequent nonbenchmark years; these annual estimates are derived by extrapolating forward the benchmark survey data by the sample data reported in BEA's annual surveys of foreign direct investment in the United States.

The 2002 benchmark survey initiates several important improvements in BEA's presentation of data on the operations of U.S. affiliates and on international services. Beginning with the 2002 data in this article, BEA is significantly expanding the information that will be presented on the operations of majority-owned U.S. affiliates; it will present more detailed information on value added, sales of goods and services, U.S. exports and imports of goods, research and development, taxes paid, employment, compensation of employees, and property, plant, and equipment. In addition, the analysis in this article and in future articles on the operations of U.S. affiliates will focus primarily on the activities of majority-owned affiliates. BEA will continue to provide information on the operations of majority-owned and minority-owned affiliates combined, but this information will not be as comprehensive or as detailed as that previously provided.

New data were collected in the 2002 benchmark survey, and these data will significantly improve the estimates of sales of services through U.S. affiliates, which are a major component of BEA's comprehensive estimates of U.S. international services. The new data will provide the basis for improved estimates of sales of insurance services, of sales of services through bank affiliates, and of services provided by wholesale and retail trade affiliates. BEA's annual estimates of U.S. international services are published regularly in the *SURVEY OF CURRENT BUSINESS*.

In addition, the industry classification system used in the 2002 benchmark survey is now based on the 2002 revision to the North American Industry Classification System. The revised industry classification system includes several new industries in the information sector. In conjunction with this change, BEA's standard presentations of data by industry (see table 19.2) have been modified to better reflect the industry distribution of the affiliate data. The standard presentations of U.S.-affiliate data by country of ultimate beneficial owner (UBO) have also been updated to reflect changes in the country-of-UBO pattern of

foreign direct investment in the United States (see table 20.2).

Many of the data items for nonbank affiliates that are collected in the benchmark surveys are also collected in annual surveys, but some items are collected only in benchmark surveys. These items include detailed data on research and development expenditures by source of funding, the number of employees covered by collective bargaining agreements, U.S. exports and imports of goods by product and by country of destination or origin, and U.S. imports of goods by intended use.

In addition, the 2002 benchmark survey collected data on the operations of bank affiliates, which are not covered in BEA's annual surveys of U.S.-affiliate operations. As a result of improvements in processing survey reports, data for bank affiliates are included for the first time in the preliminary results from the 2002 benchmark survey; in previous benchmark surveys, the data for bank affiliates were initially presented in the final results.

Affiliates with total assets, sales, or net income of more than \$10 million were required to complete a benchmark survey report for 2002. Affiliates that did not meet any of these criteria were exempt from reporting, but they had to file an exemption claim with information on their total assets, sales, and net income. The data on total assets, sales, and net income that were reported by exempt affiliates accounted for less than 0.5 percent of the total data for all affiliates. Estimates for exempt affiliates are included in the universe totals for all data items; however, because the exempt affiliates are very small, the overall contribution of these estimates to the tabulated data in terms of value is tiny.

In order to reduce the reporting burden of small enterprises, the exemption level for the 2002 benchmark survey was raised to \$10 million. The 1997 benchmark survey covered affiliates with assets, sales, or net income of more than \$3 million.

The preliminary results from the benchmark survey include estimates of data for reports that could not be fully processed in time for publication (these data account for less than 5 percent of the data for all reports received). The final results will incorporate data from the reports that are received and processed after the publication of the preliminary results. Revisions are generally expected to be small, but they could be sizable for some countries, industries, states, or items.

In order to reduce the burden on respondents to the 2002 benchmark survey, the long form that requested detailed information for nonbank affiliates was filed only by majority-owned affiliates with assets, sales, or net income of more than \$125 million. Smaller majority-owned affiliates filed the short form; for these affiliates, BEA estimated the items that are only on the long form, so that the published results are presented in the same detail for all majority-owned 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 published results for all affiliates cover only the items that are on the short form.

## Value added

In 2002, the value added of majority-owned nonbank U.S. affiliates in current dollars increased 9 percent, reversing a 7-percent decrease in 2001; the increase was from \$417 billion in 2001 to \$454 billion in 2002. In comparison, total U.S. value added in private nonbank industries in current dollars increased 3 percent in 2002 after a 2-percent increase in 2001.<sup>6</sup> The share of

6. 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 transfers in ownership that do not represent increased production for the whole economy. Similarly, year-to-year changes in U.S.-affiliate employment reflect changes in ownership, so these changes are not strictly comparable with the corresponding changes for the whole economy.

U.S. value added in private industries accounted for by affiliates increased from 5.4 percent in 2001 to 5.7 percent in 2002. In 2001, the affiliate share dropped from 5.9 percent in 2000, following several years of increases associated with record levels of new foreign investment in the United States.<sup>7</sup>

**By country of ownership.** In 2002, more than 75 percent of the value added of 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,

7. In each year in 1998–2000, outlays by foreign direct investors to acquire or to establish businesses in the United States were more than twice as high as the outlays in any year in 1980–97; see chart 1 in “New Investment in 2003,” 59.

### 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 2003” in the June 2004 *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 2003,” “U.S. International Transactions, First Quarter 2004,” and “Direct Investment Positions for 2003: Country and Industry Detail,” in the July 2004 *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; and the international transactions and direct investment position data cover foreign investors’ transactions with, and positions in, both new and existing U.S. affiliates.<sup>1</sup>

**Financial and operating data of U.S. affiliates.** The data on the overall operations of U.S. affiliates are col-

lected in BEA’s annual and benchmark surveys of FDIUS. 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.

In annual surveys, 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 irrespective of the percentage of foreign ownership.

**New investment data.** The data on outlays by foreign direct investors to acquire or to establish affiliates in the United States are collected on a calendar year basis in BEA’s annual surveys 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 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.

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/ail.htm](http://www.bea.gov/bea/ail.htm)>.

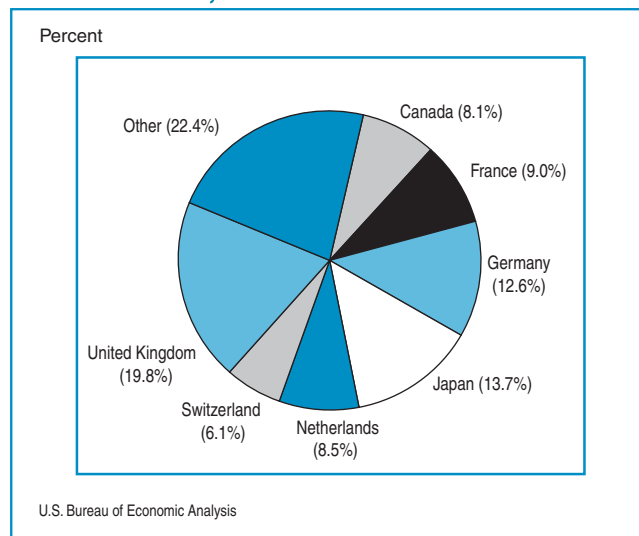
For a comparison of the data on affiliate operations with the data on new investment, see the appendix “Sources of Data” in Mahnaz Fahim-Nader and William J. Zeile, “Foreign Direct Investment in the United States: New Investment in 1994 and Affiliate Operations in 1993,” *SURVEY* 75 (May 1995): 68–70;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

Switzerland, and the United Kingdom (table 2 and chart 2). Since 1977 (the initial year covered in BEA's annual surveys of U.S.-affiliate operations), the largest investing country in terms of affiliate value added has been the United Kingdom; in 2002, British-owned affiliates accounted for 20 percent of the value added of all U.S. affiliates and for 1 percent of total U.S. value added in private industries.<sup>8</sup> The second-largest share of affiliate value added was accounted for by Japanese-owned affiliates (14 percent), and German-owned affiliates accounted for the third-largest share (13 percent). Japan also ranked as the second-largest investing country in 1990–97 and in 2000–2001.<sup>9</sup> In 1998 and 1999, Germany ranked as the second-largest investing country.

In 2002, value added by German-owned affiliates increased \$10 billion, or 21 percent, after decreasing \$5 billion in 2001 and \$10 billion in 2000. Value added by French-owned affiliates increased \$5 billion (after decreasing \$3 billion in 2001), and value added by Canadian-owned affiliates increased \$5 billion (after

decreasing \$5 billion). For German-owned affiliates, much of the increase in 2002 was accounted for by expanded production by affiliates in the motor vehicle, machinery, telecommunications, and publishing industries. For French-owned affiliates, the increase largely reflected expansions by affiliates in the motion picture, pharmaceutical, and wholesale trade industries, including expansions associated with

**Chart 2. Investing-Country Shares of Value Added of U.S. Affiliates, 2002**



8. British-owned affiliates also accounted for 20 percent or more of the value added of U.S. affiliates in 1988–2001. For earlier years, available estimates of value added for all nonbank affiliates (including affiliates that are not majority-owned by foreign direct investors) indicate that British-owned affiliates have consistently accounted for the largest share of affiliate value added among investing countries.

9. Before 1990, Canada was the second-largest investing country.

**Table 2. Value Added of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 1997–2002**

	Millions of dollars						Percentage of all-countries total						Addendum: Percent change in affiliate value added
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002	
<b>All countries</b> .....	313,655	353,860	397,295	447,287	417,122	453,637	100.0	100.0	100.0	100.0	100.0	100.0	8.8
<b>Canada</b> .....	29,779	34,174	36,400	36,928	31,702	36,589	9.5	9.7	9.2	8.3	7.6	8.1	15.4
<b>Europe</b> .....	199,458	228,775	261,473	299,251	270,144	290,887	63.6	64.7	65.8	66.9	64.8	64.1	7.7
Belgium .....	(D)	(D)	5,177	5,526	5,925	6,194	(D)	(D)	1.3	1.2	1.4	1.4	4.5
Denmark .....	1,192	931	884	1,282	1,188	2,427	0.4	0.3	0.2	0.3	0.3	0.5	104.3
Finland .....	1,635	2,727	(D)	3,218	(D)	4,108	0.5	0.8	(D)	0.7	(D)	0.9	(D)
France .....	24,356	25,268	31,790	38,763	35,444	40,926	7.8	7.1	8.0	8.7	8.5	9.0	15.5
Germany .....	36,914	57,975	61,569	51,524	46,882	56,951	11.8	16.4	15.5	11.5	11.2	12.6	21.5
Ireland .....	(D)	(D)	(D)	(D)	3,109	3,385	(D)	(D)	(D)	(D)	0.7	0.7	8.9
Italy .....	3,180	(D)	4,149	4,765	4,665	5,070	1.0	(D)	1.0	1.1	1.1	1.1	8.7
Netherlands .....	27,797	26,094	31,482	43,745	36,188	38,487	8.9	7.4	7.9	9.8	8.7	8.5	6.4
Sweden .....	6,443	8,680	10,559	10,678	10,803	11,891	2.1	2.5	2.7	2.4	2.6	2.6	10.1
Switzerland .....	22,268	22,798	25,996	35,225	29,097	27,596	7.1	6.4	6.5	7.9	7.0	6.1	-5.2
United Kingdom .....	66,112	70,602	80,391	98,282	89,151	89,658	21.1	20.0	20.2	22.0	21.4	19.8	0.6
Other .....	2,788	3,207	4,046	(D)	(D)	4,193	0.9	0.9	1.0	(D)	(D)	0.9	(D)
<b>Latin America and Other</b>													
<b>Western Hemisphere</b> .....	12,126	15,732	19,120	25,036	30,075	37,045	3.9	4.4	4.8	5.6	7.2	8.2	23.2
Bermuda .....	3,166	(D)	8,566	11,697	14,949	22,154	1.0	(D)	2.2	2.6	3.6	4.9	48.2
Mexico .....	1,229	1,488	1,447	2,746	2,660	3,496	0.4	0.4	0.4	0.6	0.6	0.8	31.4
United Kingdom Islands, Caribbean .....	583	1,034	1,577	1,658	2,022	2,147	0.2	0.3	0.4	0.4	0.5	0.5	6.2
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)
<b>Africa</b> .....	(D)	(D)	1,211	1,051	(D)	1,150	(D)	(D)	0.3	0.2	(D)	0.3	(D)
<b>Middle East</b> .....	2,619	2,460	2,131	2,402	8,308	7,275	0.8	0.7	0.5	0.5	2.0	1.6	-12.4
Saudi Arabia .....	600	346	500	328	6,307	4,993	0.2	0.1	0.1	0.1	1.5	1.1	-20.8
Other .....	2,019	2,114	1,631	2,074	2,000	2,282	0.6	0.6	0.4	0.5	0.5	0.5	14.1
<b>Asia and Pacific</b> .....	65,069	68,005	71,836	77,594	69,960	75,627	20.7	19.2	18.1	17.3	16.8	16.7	8.1
Australia .....	4,668	5,642	7,216	6,109	6,224	6,656	1.5	1.6	1.8	1.4	1.5	1.5	6.9
Japan .....	55,280	56,291	57,622	63,622	57,735	61,976	17.6	15.9	14.5	14.2	13.8	13.7	7.3
Korea, Republic of .....	432	1,463	1,957	2,372	1,303	1,948	0.1	0.4	0.5	0.5	0.3	0.4	49.5
Taiwan .....	1,614	1,328	1,915	2,118	1,723	1,836	0.5	0.4	0.5	0.5	0.4	0.4	6.5
Other .....	3,075	3,281	3,126	3,373	2,975	3,211	1.0	0.9	0.8	0.8	0.7	0.7	7.9
<b>United States</b> .....	(D)	(D)	5,124	5,024	(D)	5,064	(D)	(D)	1.3	1.1	(D)	1.1	(D)

D Suppressed to avoid disclosure of data of individual companies.

acquisitions of U.S. companies. For Canadian-owned affiliates, the increase partly reflected improvements in affiliate operating performance that resulted from liquidations of unprofitable business units.

For affiliates of other investing countries, value added by affiliates with UBOs in Bermuda increased \$7 billion, or 48 percent, in 2002, after increasing \$3 billion in 2001. The increase in 2002 was mainly due to expanded value added for existing affiliates, but it also reflected inversions in ownership for multinational companies that previously had been headquartered in the United States or had been units of U.S.-headquartered companies.<sup>10</sup> The increase in value added in 2001 was mainly due to inversions. Partly as a result of these inversions, Bermuda's ranking among investing countries in terms of affiliate value added jumped from 13th in 1997 to 8th in 2000–2002.

In 2002, value added for affiliates with UBOs in Denmark doubled. The increase, from \$1.2 billion to \$2.4 billion, was largely accounted for by new investments. Value added of Korean-owned affiliates increased 50 percent. The increase, from \$1.3 billion to \$1.9 billion, reflected increased sales by affiliates in wholesale trade. In contrast, value added by affiliates with UBOs in Saudi Arabia decreased 21 percent, from \$6.3 billion to \$5.0 billion, reflecting decreased sales by

affiliates in the petroleum industry.

**By industry of affiliate.** In 2002, affiliates classified in manufacturing accounted for 48 percent of the value added of all majority-owned nonbank affiliates (table 3). Affiliates in wholesale trade, which includes a number of large affiliates with substantial secondary operations in manufacturing, accounted for the next largest share of affiliate value added (17 percent).

In 1997–99, affiliates in manufacturing accounted for more than half of total affiliate value added. The share for manufacturing dropped, from 55 percent in 1999 to 48 percent in 2000, as a result of both reductions in value added by a number of large manufacturing affiliates and several foreign acquisitions in nonmanufacturing industries.

In 2002, value added by affiliates in manufacturing increased 9 percent, the same rate of increase as that for affiliates in all industries combined. In contrast, value added by affiliates in wholesale trade decreased 7 percent. For both sectors, the changes in affiliate value added partly reflected shifts in the industry classification of large affiliates that had sales in multiple industries.<sup>11</sup>

In manufacturing, value added by affiliates in plastics and rubber products increased 31 percent, reflecting improvements in affiliate operating performance.

10. A corporate inversion occurs when a U.S. multinational corporation forms a corporation, typically in a foreign low-tax 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.

11. Each U.S. affiliate is classified in the industry that accounts for the largest portion of its sales, but many U.S. affiliates are involved in a variety of business activities; as a result of changes in the mix of these activities, an affiliate's industry classification will change if the changes are expected to be sustained.

**Table 3. Value Added of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 1997–2002**

	Millions of dollars						Percentage of all-industries total						Addendum: Percent change in affiliate value added 2001–2002
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002	
<b>All industries.....</b>	<b>313,655</b>	<b>353,860</b>	<b>397,295</b>	<b>447,287</b>	<b>417,122</b>	<b>453,637</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>8.8</b>
Manufacturing.....	169,279	201,116	219,141	215,684	200,506	217,552	54.0	56.8	55.2	48.2	48.1	48.0	8.5
Food.....	9,929	9,947	10,095	10,710	10,832	10,644	3.2	2.8	2.5	2.4	2.6	2.3	-1.7
Petroleum and coal products.....	(D)	21,637	(D)	(D)	(D)	(D)	(D)	6.1	(D)	(D)	(D)	(D)	(D)
Chemicals.....	38,050	39,022	37,698	41,016	39,512	43,376	12.1	11.0	9.5	9.2	9.5	9.6	9.8
Plastics and rubber products.....	7,136	8,506	9,326	8,727	7,636	9,984	2.3	2.4	2.3	2.0	1.8	2.2	30.7
Nonmetallic mineral products.....	11,472	11,265	12,805	14,952	14,367	15,391	3.7	3.2	3.2	3.3	3.4	3.4	7.1
Primary metals.....	5,155	6,541	6,214	8,299	8,254	6,078	1.6	1.8	1.6	1.9	2.0	1.3	-26.4
Fabricated metal products.....	6,506	6,333	6,561	7,279	6,382	5,924	2.1	1.8	1.7	1.6	1.5	1.3	-7.2
Machinery.....	12,778	13,342	13,803	18,382	19,077	22,323	4.1	3.8	3.5	4.1	4.6	4.9	17.0
Computers and electronic products.....	17,425	17,826	23,095	26,936	21,004	22,105	5.6	5.0	5.8	6.0	5.0	4.9	5.2
Electrical equipment, appliances, and components.....	9,020	(D)	10,011	16,359	12,536	4,419	2.9	(D)	2.5	3.7	3.0	1.0	-64.7
Transportation equipment.....	12,970	34,982	41,227	30,358	29,048	34,619	4.1	9.9	10.4	6.8	7.0	7.6	19.2
Other.....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade.....	44,489	47,877	55,536	81,413	81,462	76,122	14.2	13.5	14.0	18.2	19.5	16.8	-6.6
Retail trade.....	15,901	17,990	19,938	22,308	24,800	25,654	5.1	5.1	5.0	5.0	5.9	5.7	3.4
Information.....	11,483	13,767	18,841	19,427	8,247	24,689	3.7	3.9	4.7	4.3	2.0	5.4	199.4
Finance (except depository institutions) and insurance.....	23,550	19,808	21,029	34,730	17,305	19,487	7.5	5.6	5.3	7.8	4.1	4.3	12.6
Real estate and rental and leasing.....	7,027	7,604	9,302	9,323	9,502	9,072	2.2	2.1	2.3	2.1	2.3	2.0	-4.5
Professional, scientific, and technical services....	5,619	6,743	7,526	8,553	14,923	16,182	1.8	1.9	1.9	1.9	3.6	3.6	8.4
Other industries.....	36,307	38,955	45,983	55,848	60,377	64,880	11.6	11.0	11.6	12.5	14.5	14.3	7.5

D Suppressed to avoid disclosure of data of individual companies.

Affiliate value added in electrical equipment decreased 65 percent, and affiliate value added in primary metals decreased 26 percent; both decreases were mainly the result of shifts in the classification of affiliates to other industries in manufacturing.

In the information sector, value added by affiliates in 2002 tripled after decreasing more than 50 percent in 2001. Much of the increase in 2002 reflected a recovery in value added for affiliates in the telecommunications industry, which had been severely affected in 2001 by unfavorable market conditions. The increase also reflected expansions in value added by affiliates in the publishing and motion picture industries, including expansions resulting from acquisitions.

### Employment

In 2002, employment by majority-owned nonbank U.S. affiliates of foreign companies decreased 3 percent, from 5.6 million employees to 5.4 million employees, after decreasing 1 percent in 2001 (table 1). In both years, the decreases reflected both selloffs of affiliates and cutbacks in employment for ongoing affiliate operations. Increases in affiliate employment as a result of foreign acquisitions of U.S. companies were small compared with the increases in 1998–2000, reflecting a sharp falloff in new foreign investment after 2000.

Employment by affiliates decreased at a faster pace than employment by all U.S. businesses in both 2001 and 2002; as a result, the affiliate share of total U.S. employment in private industries decreased from 5.0 percent in 2000 to 4.9 percent in 2001 and 4.8 percent in 2002. The affiliate share in 2002 was still higher than the 4.1-percent share in 1997.

**By industry.** Since the introduction of industry classifications based on the North American Industry Classification System (NAICS) for U.S. affiliates in the 1997 benchmark survey, the affiliate share of U.S. employment among NAICS sectors has consistently been highest in mining and then in manufacturing. In 2002, majority-owned U.S. affiliates accounted for 21 percent of U.S. employment in mining and for 13 percent of U.S. employment in manufacturing (table 4).<sup>12</sup> In the other sectors, the affiliate share of employment in 2002 was highest in wholesale trade (7 percent), transportation and warehousing (7 percent), and administration, support, waste management, and remediation services (6 percent).

In mining, the 21-percent affiliate share in 2002 was

12. These shares are based on U.S.-affiliate employment data that are disaggregated by industry of sales; this basis approximates the establishment-based disaggregation of the data for all U.S. businesses. See the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry."

### 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.<sup>1</sup> 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 by industry of affiliate.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup> 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 shares by industry are from the Census Bureau (see table 4, footnote 1).

2. Establishment-level data from a joint project of BEA and the Census Bureau 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* (Washington, DC: U.S. Government Printing Office, March 2003); <[www.bea.gov](http://www.bea.gov)>. Similar data on a Standard Industrial Classification basis are available for 1987 and 1992 and data only for manufacturing industries for 1988–91. The data for foreign-owned establishments are analyzed in SURVEY articles at <[www.bea.gov/bea/ai/iidguide.htm](http://www.bea.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 one of the establishments involved 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.



Table 4. Employment by Majority-Owned Nonbank U.S. Affiliates by Industry of Sales, 1997-2002

	Thousands of employees						Percentage of total U.S. employment in nonbank private industries <sup>1</sup>					
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002
<b>All industries<sup>2</sup></b> .....	<b>4,269.1</b>	<b>4,669.5</b>	<b>5,064.3</b>	<b>5,656.5</b>	<b>5,594.3</b>	<b>5,420.3</b>	<b>4.1</b>	<b>4.3</b>	<b>4.6</b>	<b>5.0</b>	<b>4.9</b>	<b>4.8</b>
Agriculture, forestry, fishing, and hunting .....	12.1	J	13.7	12.7	12.1	9.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mining, excluding oil and gas extraction .....	50.5	56.2	52.5	54.4	60.4	83.1	12.7	14.0	14.3	14.6	15.2	20.6
Utilities .....	3.9	4.6	6.9	24.8	19.7	31.8	0.6	0.7	1.0	3.8	3.0	4.3
Construction .....	58.4	57.9	67.5	69.6	79.8	73.6	1.0	1.0	1.1	1.1	1.2	1.1
<b>Manufacturing<sup>3</sup></b> .....	<b>1,875.9</b>	<b>2,053.2</b>	<b>2,059.6</b>	<b>2,139.1</b>	<b>1,956.7</b>	<b>1,858.4</b>	<b>11.0</b>	<b>12.0</b>	<b>12.3</b>	<b>12.9</b>	<b>12.2</b>	<b>12.7</b>
Food .....	123.8	126.6	122.1	137.8	119.1	107.0	8.4	8.6	8.3	9.4	8.1	7.1
Beverages and tobacco products .....	29.0	K	J	J	K	34.9	16.5	(D)	(D)	(D)	15.3	22.2
Textile mills .....	J	J	J	18.4	J	13.4	(D)	(D)	(D)	5.4	(D)	5.0
Textile product mills .....	11.4	11.7	10.4	6.8	I	4.9	4.9	5.4	4.7	3.2	(D)	2.6
Apparel .....	20.9	17.2	22.6	J	J	7.6	2.9	2.6	3.9	(D)	(D)	2.2
Leather and allied products .....	G	G	G	G	G	0.8	(D)	(D)	(D)	(D)	(D)	1.8
Wood products .....	8.3	10.1	11.4	19.7	19.9	17.6	1.4	1.7	1.9	3.3	3.6	3.3
Paper .....	44.5	47.2	K	K	K	41.3	7.7	8.3	(D)	(D)	8.5	8.6
Printing and related support activities .....	52.4	45.2	48.3	L	53.8	49.6	6.3	5.4	5.8	(D)	6.9	6.9
Petroleum and coal products <sup>4</sup> .....	31.0	K	29.2	25.2	22.8	21.8	14.2	(D)	14.7	13.1	11.9	10.6
Chemicals .....	281.2	278.1	269.7	261.2	247.7	253.2	32.1	30.9	30.4	29.5	28.5	32.1
Plastics and rubber products .....	127.8	137.6	126.1	132.9	126.1	126.3	12.5	13.4	12.0	12.6	12.6	13.5
Nonmetallic mineral products .....	103.3	112.2	115.6	125.6	122.4	116.2	20.5	22.1	22.6	24.0	23.3	24.3
Primary metals .....	69.6	80.4	83.1	85.2	78.4	68.3	11.4	13.1	13.9	14.2	13.7	13.8
Fabricated metal products .....	106.7	114.5	99.8	108.7	112.5	105.8	6.0	6.3	5.6	6.1	6.4	6.8
Machinery .....	185.3	186.5	199.3	204.4	184.1	180.7	13.1	12.9	14.3	14.8	13.8	15.5
Computer and electronic products .....	237.2	251.9	262.0	286.9	240.6	206.8	14.0	15.0	16.2	18.4	15.1	15.9
Electrical equipment, appliances, and components .....	110.4	111.5	126.0	118.2	103.7	104.7	18.6	18.5	21.5	20.1	18.0	21.2
Transportation equipment .....	220.7	343.2	352.5	369.0	324.1	304.2	11.9	18.0	18.5	19.7	18.5	18.4
Furniture and related products .....	15.6	15.4	15.3	15.1	15.1	12.6	2.6	2.6	2.5	2.4	2.4	2.2
Miscellaneous manufacturing .....	70.9	75.0	72.8	80.7	80.3	80.8	9.8	10.2	9.9	11.0	11.3	10.8
Wholesale trade .....	339.5	355.9	363.3	407.0	440.3	431.8	5.9	6.0	6.1	6.7	7.2	7.2
Retail trade .....	530.0	535.6	589.4	641.8	643.1	605.9	3.8	3.8	4.1	4.3	4.3	4.0
Transportation and warehousing .....	123.2	139.3	169.1	213.7	228.7	249.5	4.2	4.0	4.7	5.6	6.1	6.7
<b>Information</b> .....	<b>140.7</b>	<b>164.8</b>	<b>205.8</b>	<b>212.6</b>	<b>196.1</b>	<b>207.6</b>	<b>4.6</b>	<b>5.2</b>	<b>6.4</b>	<b>6.0</b>	<b>5.2</b>	<b>5.4</b>
Publishing industries .....	62.0	82.9	87.8	85.3	86.1	85.5	6.2	8.2	8.7	7.9	7.8	7.7
Motion picture and sound recording industries .....	33.8	32.5	33.4	33.2	K	25.5	12.2	11.5	11.4	10.9	(D)	7.6
Telecommunications .....	I	J	K	K	J	34.8	(D)	(D)	(D)	(D)	(D)	2.5
Other .....	K	K	K	L	60.9	61.8	(D)	(D)	(D)	(D)	5.6	6.3
<b>Finance (except depository institutions) and insurance</b> .....	<b>192.8</b>	<b>199.3</b>	<b>225.2</b>	<b>264.8</b>	<b>274.0</b>	<b>233.7</b>	<b>5.1</b>	<b>5.2</b>	<b>5.6</b>	<b>6.6</b>	<b>6.6</b>	<b>5.2</b>
Finance, except depository institutions .....	73.1	82.2	91.6	M	142.6	102.5	5.0	5.4	5.5	(D)	7.8	5.4
Insurance carriers and related activities .....	119.7	117.1	133.6	M	131.4	131.2	5.1	5.1	5.7	(D)	5.6	5.1
Real estate and rental and leasing .....	42.8	44.5	49.3	43.2	42.9	39.7	2.5	2.5	2.6	2.2	2.1	1.9
Professional, scientific, and technical services <sup>5</sup> .....	121.3	131.7	147.6	199.0	225.4	219.6	2.3	2.2	2.4	3.0	3.2	2.9
Management of nonbank companies and enterprises .....	2.6	2.2	1.8	2.0	2.2	2.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administration, support, waste management, and remediation services .....	218.0	292.8	403.8	590.0	546.7	546.0	3.0	3.8	4.8	6.5	6.0	6.1
Educational services .....	I	I	I	I	7.6	5.1	(D)	n.a.	n.a.	n.a.	n.a.	n.a.
Health care and social assistance <sup>5</sup> .....	92.4	103.9	71.9	L	L	104.1	1.5	1.6	1.1	(D)	(D)	1.5
Arts, entertainment, and recreation <sup>5</sup> .....	32.6	32.9	37.4	36.2	36.0	34.1	2.7	2.7	3.0	2.7	2.7	2.4
Accommodation and food services .....	218.8	M	255.1	M	324.8	329.8	2.3	(D)	2.6	(D)	3.3	3.0
Other services (except public administration and private households) <sup>5</sup> .....	K	55.8	K	K	K	27.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Auxiliaries, except management of companies and enterprises .....	126.6	166.8	271.0	289.3	326.6	300.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unspecified <sup>6</sup> .....	32.8	39.8	21.8	40.9	28.3	24.8	.....	.....	.....	.....	.....	.....

D Suppressed to avoid disclosure of data of individual companies.  
n.a. Data required to compute shares are not available.

1. The data on U.S. employment in private industries that were used in calculating these percentages are classified by industry of establishment. For "all industries," they are from tables 6.4C and 6.4D of the "National Income and Product Accounts (NIPA) Tables." For industries at the sectoral level or below, the data are from the U.S. Census Bureau: The data for 1997 are from the 1997 Economic Census, the data for 1998-2001 are from the Census Bureau's *County Business Patterns*, and the data for 2002 are from the Advance Report of the 2002 Economic Census. For "all industries," 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 the BEA's Regional Economic Information System. The estimates in table 5, unlike those used for this table, include employment in depository institutions. In addition, the estimates used for table 5, unlike those used for 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, 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. The data on U.S. employment were used to calculate the percentages shown on this line cover taxable establishments only. For this industry, employment in taxable establishments in 1998-2002 was estimated by applying the ratio of employment in taxable establishments to total employment in the industry from the Census Bureau's 1997 Economic Census data to the employment data from *County Business Patterns* (for 1998-2001) and from the Advance Report of the 2002 Economic Census.

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 1997-2001 and greater than \$125 million in 2002) 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.

NOTES: 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.

much higher than the 15 percent share in 2001. The jump in share in 2002 reflected a 38-percent increase in affiliate employment that was more than accounted for by foreign acquisitions of U.S. companies with operations in mining support activities. In manufacturing, the affiliate share increased slightly in 2002 (from 12 percent to 13 percent) despite a 5-percent reduction in affiliate employment, reflecting an even sharper decrease in manufacturing employment by all U.S. businesses.

Within manufacturing, the affiliate shares in 2002 were highest in chemicals (32 percent), in nonmetallic mineral products (24 percent), in beverages and tobacco products (22 percent), in electrical equipment (21 percent), and in transportation equipment (18 percent). Chemicals and nonmetallic mineral products also had the highest affiliate shares in 1997–2001. For beverages and tobacco, however, the affiliate share was much higher in 2002 than in earlier years, due to a substantial increase in employment associated with foreign acquisitions.

Since 1997, the affiliate share of employment at the NAICS sector level has increased substantially in utilities—from less than 1 percent in 1997 and 1998 to a little more than 4 percent in 2002. This increase from this very low base can be partly attributed to deregulation in regional markets for electric energy transmission and distribution. As a result of several foreign acquisitions in the electric power industry, employment by affiliates in utilities more than tripled in 2000, and then it increased by more than 50 percent in 2002. The affiliate share of employment also increased substantially in transportation and warehousing—from 4 percent in 1997 to 7 percent in 2002—partly because of acquisitions.

**By state.** The share of total U.S. employment in private industries that was accounted for by majority-owned nonbank U.S. affiliates in 2002 was largest in Hawaii (8.4 percent), in South Carolina (8.1 percent), and in Connecticut (7.7 percent) (table 5). Hawaii and South Carolina also had the largest affiliate shares in 1997–2001. In 2002, as in previous years, most of the employment by affiliates in Hawaii was accounted for by Japanese-owned affiliates, mainly affiliates in the accommodation, real estate, and travel service industries. In contrast, employment by affiliates in South Carolina was dominated by European-owned affiliates, mainly affiliates in manufacturing and retail trade. In Connecticut, European-owned affiliates also accounted for a dominant share of affiliate employment; much of this employment was by affiliates in retail trade, finance and insurance, and other service industries.

In manufacturing, the shares of employment ac-

counted for by affiliates in 2002 were largest in Delaware (22.9 percent), South Carolina (21.4 percent), Kentucky (19.2 percent), and New Hampshire (19.1 percent); these states also had the largest shares in 2001 (table 6). British- and German-owned affiliates accounted for most of the manufacturing employment of affiliates in both Delaware and New Hampshire. In South Carolina, most of the manufacturing employment of affiliates was accounted for by French-, German-, and Japanese-owned affiliates. In Kentucky, more than a third of the employment was accounted for by Japanese-owned affiliates; the rest was largely accounted for by Canadian- and European-owned affiliates.

In 42 of the 50 states, the manufacturing employment of affiliates decreased in 2002, reflecting reductions in manufacturing employment by all U.S. businesses.<sup>13</sup> The largest reduction was in Texas, where manufacturing employment by affiliates decreased 22,000, or 17 percent, after a decrease of 22,000 in 2001. For the other states, the largest reductions in manufacturing employment by affiliates were in California (12,000) and in Massachusetts (10,000).

### Expanded Information From the Benchmark Survey

The 2002 benchmark survey of foreign direct investment in the United States provides information on U.S.-affiliate research and development (R&D), employment, and trade in goods that is collected only in benchmark survey years. The data on affiliate R&D include expenditures broken down by source of funding; that is, whether the R&D is funded by the affiliates, by the Federal Government, or by others. The data on affiliate employment include the number of employees

13. In 2002, manufacturing employment by U.S. businesses decreased in all 50 states.

#### Data Availability

In this article, summaries of the preliminary estimates from the 2002 benchmark survey of foreign direct investment in the United States are presented. More detailed estimates will be posted this fall in files on BEA's Web site at <[www.bea.gov](http://www.bea.gov)>. These files can be downloaded at no charge. The revised estimates will be released next year.

Detailed estimates of U.S. affiliate operations for 1977–2001 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](http://www.bea.gov/bea/ai/iid-guide.htm)>.

Table 5. Employment by Majority-Owned Nonbank U.S. Affiliates by State, 1997–2002

	Thousands of employees						Percentage of total private industry employment in the state <sup>1</sup>					
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002
<b>Total<sup>2</sup></b> .....	<b>4,269.1</b>	<b>4,669.5</b>	<b>5,064.3</b>	<b>5,656.5</b>	<b>5,594.3</b>	<b>5,420.3</b>	<b>4.0</b>	<b>4.2</b>	<b>4.5</b>	<b>4.9</b>	<b>4.9</b>	<b>4.8</b>
<b>New England</b> .....	<b>302.0</b>	<b>327.9</b>	<b>349.2</b>	<b>420.9</b>	<b>435.3</b>	<b>409.2</b>	<b>5.1</b>	<b>5.4</b>	<b>5.7</b>	<b>6.7</b>	<b>7.0</b>	<b>6.7</b>
Connecticut.....	81.8	89.9	93.3	105.5	117.4	113.0	5.6	6.1	6.2	6.9	7.9	7.7
Maine.....	22.3	22.7	22.0	31.7	32.8	33.0	4.7	4.7	4.4	6.2	6.3	6.4
Massachusetts.....	145.7	156.9	175.9	207.7	209.9	191.0	5.2	5.4	6.0	6.9	7.0	6.5
New Hampshire.....	26.9	29.8	29.9	43.8	41.0	38.4	5.3	5.7	5.5	7.9	7.4	7.0
Rhode Island.....	18.2	20.1	19.5	22.2	23.5	21.8	4.6	4.9	4.7	5.2	5.6	5.2
Vermont.....	7.1	8.5	8.6	9.9	10.7	12.0	2.9	3.4	3.4	3.8	4.1	4.7
<b>Mideast</b> .....	<b>774.2</b>	<b>841.9</b>	<b>917.5</b>	<b>1,051.2</b>	<b>1,042.2</b>	<b>1,003.2</b>	<b>4.4</b>	<b>4.7</b>	<b>5.0</b>	<b>5.6</b>	<b>5.6</b>	<b>5.4</b>
Delaware.....	14.9	19.9	24.0	27.7	24.4	23.3	4.3	5.6	6.5	7.4	6.6	6.4
District of Columbia.....	7.3	10.2	13.9	14.7	17.7	17.0	1.8	2.5	3.2	3.2	3.9	3.7
Maryland.....	62.6	67.7	88.7	104.6	106.4	106.3	3.3	3.5	4.4	5.1	5.1	5.1
New Jersey.....	192.3	200.9	211.3	234.6	239.4	228.6	6.0	6.1	6.3	6.8	6.9	6.7
New York.....	297.4	328.0	348.3	415.8	415.5	394.7	4.3	4.7	4.8	5.6	5.7	5.5
Pennsylvania.....	199.7	215.2	231.3	253.9	238.7	233.4	4.1	4.4	4.6	5.0	4.7	4.6
<b>Great Lakes</b> .....	<b>723.1</b>	<b>878.6</b>	<b>925.5</b>	<b>979.0</b>	<b>941.0</b>	<b>935.3</b>	<b>3.9</b>	<b>4.6</b>	<b>4.8</b>	<b>5.0</b>	<b>4.9</b>	<b>5.0</b>
Illinois.....	193.7	223.9	241.2	277.2	274.2	268.4	3.8	4.3	4.6	5.2	5.2	5.2
Indiana.....	113.0	140.1	144.3	143.8	142.0	137.4	4.5	5.4	5.5	5.4	5.5	5.4
Michigan.....	141.1	210.2	221.2	228.4	204.7	204.1	3.6	5.3	5.5	5.6	5.2	5.3
Ohio.....	204.5	223.5	228.7	228.3	220.8	212.8	4.3	4.6	4.6	4.6	4.5	4.5
Wisconsin.....	70.8	80.9	90.1	101.3	99.3	112.5	3.0	3.4	3.7	4.1	4.1	4.7
<b>Plains</b> .....	<b>222.2</b>	<b>237.8</b>	<b>257.9</b>	<b>285.3</b>	<b>300.1</b>	<b>295.7</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>3.3</b>	<b>3.8</b>	<b>3.8</b>
Iowa.....	32.1	31.8	35.5	36.5	38.8	37.4	2.7	2.6	2.8	2.9	3.1	3.0
Kansas.....	30.5	31.2	33.4	37.8	36.0	33.8	2.8	2.8	3.0	3.3	3.2	3.0
Minnesota.....	63.9	71.1	77.3	90.7	87.8	93.9	2.9	3.1	3.3	3.8	3.7	4.0
Missouri.....	68.5	74.0	81.7	89.4	102.7	96.7	3.0	3.2	3.4	3.7	4.4	4.1
Nebraska.....	14.3	14.9	19.3	19.3	20.1	19.3	2.0	2.0	2.5	2.5	2.6	2.5
North Dakota.....	3.3	5.1	4.9	5.2	8.2	7.6	1.3	2.0	1.8	1.9	3.1	2.9
South Dakota.....	9.6	9.7	5.8	6.4	6.6	7.1	3.2	3.2	1.9	2.0	2.1	2.3
<b>Southeast</b> .....	<b>1,124.2</b>	<b>1,195.7</b>	<b>1,307.3</b>	<b>1,397.7</b>	<b>1,393.8</b>	<b>1,335.2</b>	<b>4.4</b>	<b>4.6</b>	<b>4.9</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>
Alabama.....	52.5	57.9	64.1	65.0	75.5	72.7	3.3	3.6	4.0	4.0	4.7	4.6
Arkansas.....	29.6	31.1	31.6	34.7	35.8	32.9	3.1	3.2	3.2	3.5	3.6	3.3
Florida.....	174.3	190.1	210.7	244.2	257.7	244.9	3.1	3.2	3.4	3.8	4.0	3.8
Georgia.....	160.6	173.0	189.3	199.5	195.0	190.1	5.1	5.3	5.6	5.8	5.7	5.7
Kentucky.....	71.9	75.0	82.2	94.1	90.9	87.7	4.9	5.0	5.4	6.0	6.0	5.8
Louisiana.....	46.2	45.8	49.3	51.3	51.1	48.9	3.0	2.9	3.1	3.2	3.2	3.1
Mississippi.....	17.3	18.2	19.8	20.0	21.5	22.2	1.9	1.9	2.1	2.1	2.3	2.4
North Carolina.....	195.6	208.5	229.4	239.1	223.0	212.7	6.1	6.4	6.9	7.0	6.7	6.5
South Carolina.....	111.4	117.4	128.0	129.1	129.1	123.4	7.5	7.7	8.2	8.2	8.4	8.1
Tennessee.....	127.1	128.3	132.8	137.7	134.2	131.0	4.6	5.5	5.6	5.7	5.7	5.6
Virginia.....	117.5	126.5	146.5	158.0	154.5	146.4	5.3	4.5	5.1	5.4	5.3	5.0
West Virginia.....	20.2	23.9	23.7	25.0	25.7	22.4	3.6	4.2	4.1	4.3	4.4	3.9
<b>Southwest</b> .....	<b>356.4</b>	<b>397.1</b>	<b>432.6</b>	<b>492.5</b>	<b>484.7</b>	<b>456.0</b>	<b>3.3</b>	<b>3.5</b>	<b>3.7</b>	<b>4.1</b>	<b>4.1</b>	<b>3.9</b>
Arizona.....	43.0	46.4	53.6	60.8	57.0	55.4	2.5	2.5	2.8	3.1	2.9	2.9
New Mexico.....	11.3	11.2	10.2	12.0	13.5	12.7	2.0	2.0	1.8	2.1	2.3	2.2
Oklahoma.....	29.2	30.9	33.4	34.7	40.0	36.5	2.5	2.6	2.8	2.8	3.3	3.0
Texas.....	272.9	308.6	335.3	384.9	374.2	351.4	3.7	4.0	4.3	4.7	4.6	4.4
<b>Rocky Mountain</b> .....	<b>95.4</b>	<b>97.2</b>	<b>124.8</b>	<b>143.4</b>	<b>136.2</b>	<b>134.2</b>	<b>2.7</b>	<b>2.7</b>	<b>3.3</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>
Colorado.....	56.1	56.1	73.7	88.2	81.3	76.7	3.2	3.1	3.9	4.5	4.2	4.1
Idaho.....	7.1	7.8	11.0	10.8	11.3	12.5	1.7	1.8	2.4	2.3	2.3	2.6
Montana.....	2.8	4.8	9.7	5.0	5.7	5.8	0.9	1.6	3.1	1.6	1.8	1.8
Utah.....	24.2	22.6	25.1	32.2	30.4	31.1	2.8	2.6	2.8	3.5	3.3	3.4
Wyoming.....	5.2	5.9	5.2	7.2	7.5	8.1	3.0	3.4	2.9	3.9	4.0	4.2
<b>Far West</b> .....	<b>648.5</b>	<b>671.7</b>	<b>726.4</b>	<b>862.5</b>	<b>832.4</b>	<b>825.4</b>	<b>3.9</b>	<b>3.9</b>	<b>4.1</b>	<b>4.8</b>	<b>4.6</b>	<b>4.6</b>
Alaska.....	8.5	9.3	8.9	10.3	10.5	11.2	4.2	4.5	4.2	4.8	4.8	5.1
California.....	467.7	487.0	529.6	638.9	615.2	616.4	4.0	4.0	4.3	5.0	4.8	4.9
Hawaii.....	43.5	38.9	39.4	40.6	38.9	38.3	9.9	8.9	8.9	8.9	8.5	8.4
Nevada.....	19.7	21.3	26.2	30.7	28.2	26.5	2.4	2.5	2.9	3.3	3.0	2.8
Oregon.....	41.8	43.4	46.9	56.0	51.5	48.8	3.2	3.2	3.4	4.0	3.8	3.6
Washington.....	67.3	71.8	75.4	86.0	88.1	84.1	3.1	3.2	3.3	3.7	3.8	3.7
Puerto Rico.....	13.8	14.4	15.2	16.0	16.4	15.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas <sup>3</sup> .....	7.5	6.8	7.6	7.5	11.9	10.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign <sup>4</sup> .....	1.9	(*)	0.3	0.5	0.4	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 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 table 1 and the all-industries line of table 4, which are from tables 6.4C and 6.4D of the "National Income and Product Accounts (NIPA) 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 the 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 U.S. areas.

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

Table 6. Manufacturing Employment by Majority-Owned Nonbank U.S. Affiliates by State, 1997–2002

	Thousands of employees						Percentage of total manufacturing employment in the state <sup>1</sup>					
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002
<b>Total<sup>2</sup></b> .....	<b>1,846.3</b>	<b>2,030.3</b>	<b>2,036.5</b>	<b>2,118.8</b>	<b>1,934.9</b>	<b>1,824.0</b>	<b>10.5</b>	<b>11.5</b>	<b>11.7</b>	<b>12.2</b>	<b>11.7</b>	<b>11.8</b>
<b>New England</b> .....	<b>100.1</b>	<b>109.2</b>	<b>115.3</b>	<b>127.7</b>	<b>125.6</b>	<b>109.7</b>	<b>10.3</b>	<b>11.2</b>	<b>12.2</b>	<b>13.6</b>	<b>13.9</b>	<b>13.4</b>
Connecticut.....	24.2	28.9	28.7	32.2	35.7	34.2	9.8	11.7	11.9	13.7	15.7	16.1
Maine.....	11.5	11.3	11.0	11.4	11.4	10.2	14.0	13.8	13.6	14.3	15.1	14.8
Massachusetts.....	40.3	42.4	50.0	53.3	51.2	41.5	9.7	10.2	12.4	13.1	13.1	11.9
New Hampshire.....	13.9	16.4	16.4	20.8	18.2	16.3	13.5	15.7	16.0	20.4	18.6	19.1
Rhode Island.....	7.0	7.7	6.3	6.1	5.2	4.2	9.0	10.1	8.6	8.6	7.6	6.6
Vermont.....	3.2	2.5	2.8	3.9	3.9	3.3	7.2	5.6	6.2	8.4	8.5	8.1
<b>Mideast</b> .....	<b>M</b>	<b>M</b>	<b>267.8</b>	<b>M</b>	<b>261.3</b>	<b>251.5</b>	<b>(D)</b>	<b>(D)</b>	<b>11.9</b>	<b>(D)</b>	<b>12.1</b>	<b>(D)</b>
Delaware.....	I	I	7.2	I	9.4	8.4	(D)	(D)	16.9	(D)	23.7	22.9
District of Columbia.....	0.5	0.5	0.4	0.4	0.4	0.4	13.2	13.0	10.5	11.5	11.0	(D)
Maryland.....	19.9	20.9	18.5	21.8	20.1	17.0	11.8	12.3	10.9	12.6	11.8	10.7
New Jersey.....	72.2	74.8	65.4	64.0	64.9	64.9	16.9	17.6	15.8	15.2	16.1	17.6
New York.....	68.2	74.9	66.5	77.9	74.7	72.7	8.8	9.7	8.8	10.5	10.6	11.1
Pennsylvania.....	96.8	109.9	109.9	111.7	91.9	88.1	11.1	12.5	12.6	13.0	11.1	11.5
<b>Great Lakes</b> .....	<b>408.7</b>	<b>496.3</b>	<b>498.0</b>	<b>516.4</b>	<b>455.8</b>	<b>444.8</b>	<b>10.1</b>	<b>12.2</b>	<b>12.3</b>	<b>12.8</b>	<b>12.0</b>	<b>12.6</b>
Illinois.....	95.3	104.2	101.5	109.7	97.4	89.3	10.7	11.7	11.6	12.7	11.9	11.7
Indiana.....	79.0	104.2	102.0	99.9	96.0	91.2	12.1	15.8	15.3	15.1	15.5	15.4
Michigan.....	72.1	111.3	113.9	133.9	102.2	95.8	8.2	12.6	12.8	15.0	12.3	12.6
Ohio.....	120.8	127.4	129.0	118.7	111.4	110.1	11.8	12.4	12.6	11.7	11.6	12.4
Wisconsin.....	41.5	49.2	51.6	54.2	48.7	58.4	7.1	8.2	8.7	9.1	8.6	11.0
<b>Plains</b> .....	<b>116.5</b>	<b>127.4</b>	<b>132.3</b>	<b>132.8</b>	<b>135.8</b>	<b>132.5</b>	<b>8.4</b>	<b>9.0</b>	<b>9.4</b>	<b>9.5</b>	<b>10.1</b>	<b>10.5</b>
Iowa.....	21.1	20.8	21.9	22.4	22.1	20.7	8.6	8.3	8.7	8.9	9.1	9.0
Kansas.....	15.3	16.9	18.1	18.3	14.0	14.1	7.8	8.3	8.9	9.2	7.2	7.7
Minnesota.....	28.8	30.8	31.0	32.2	31.2	32.3	7.4	7.8	7.9	8.2	8.2	9.0
Missouri.....	37.9	44.0	45.1	46.2	51.8	48.0	10.0	11.6	12.1	12.7	15.1	14.7
Nebraska.....	8.4	8.9	10.1	8.2	8.2	9.2	7.6	7.8	9.0	7.2	7.4	8.6
North Dakota.....	1.5	2.0	2.3	2.0	4.5	3.9	6.7	8.7	10.0	8.2	18.4	16.2
South Dakota.....	3.5	4.0	3.7	3.5	4.0	4.4	8.1	9.2	8.4	8.0	9.6	11.2
<b>Southeast</b> .....	<b>562.4</b>	<b>580.8</b>	<b>593.7</b>	<b>596.8</b>	<b>543.9</b>	<b>517.4</b>	<b>12.7</b>	<b>13.1</b>	<b>13.6</b>	<b>13.9</b>	<b>13.4</b>	<b>13.6</b>
Alabama.....	36.2	41.4	42.7	41.1	36.7	34.3	9.8	11.3	12.0	11.8	11.2	11.1
Arkansas.....	21.6	22.7	22.1	23.7	22.8	19.9	9.0	9.4	9.2	9.9	10.0	9.2
Florida.....	41.2	43.9	41.4	49.2	46.0	43.7	9.0	9.6	9.1	10.9	10.5	10.7
Georgia.....	75.4	81.1	76.4	79.0	70.4	66.7	13.9	14.9	14.0	14.6	13.9	14.1
Kentucky.....	50.1	53.2	57.3	60.7	55.8	53.3	16.4	17.3	18.5	19.6	18.9	19.2
Louisiana.....	18.9	18.9	22.0	22.0	19.5	17.4	10.3	10.3	12.2	12.4	11.3	10.7
Mississippi.....	10.5	10.7	11.8	9.6	9.9	10.7	4.6	4.6	5.1	4.3	4.9	5.7
North Carolina.....	107.7	107.3	116.4	113.6	96.6	91.4	13.3	13.4	15.0	15.0	13.6	14.1
South Carolina.....	65.1	66.4	69.4	70.0	65.9	62.4	18.5	19.0	20.8	21.0	20.9	21.4
Tennessee.....	80.0	78.3	75.6	72.7	70.0	67.7	16.1	15.8	15.3	14.9	15.3	15.7
Virginia.....	44.3	45.8	46.8	42.4	38.2	37.5	11.8	12.3	12.8	11.8	11.1	11.6
West Virginia.....	11.4	11.1	11.7	12.9	12.1	12.4	14.9	14.4	15.3	17.1	16.6	18.0
<b>Southwest</b> .....	<b>150.9</b>	<b>171.9</b>	<b>169.8</b>	<b>184.7</b>	<b>160.8</b>	<b>135.2</b>	<b>10.2</b>	<b>11.4</b>	<b>11.4</b>	<b>12.4</b>	<b>11.1</b>	<b>10.1</b>
Arizona.....	13.4	14.1	15.0	16.2	15.1	13.3	6.7	6.8	7.3	7.8	7.5	7.2
New Mexico.....	3.8	2.8	2.7	3.8	2.7	1.9	8.6	6.5	6.7	9.2	6.6	4.9
Oklahoma.....	15.1	14.9	15.3	15.5	15.5	14.7	8.6	8.3	8.6	8.8	9.1	9.6
Texas.....	118.6	140.1	136.8	149.2	127.5	105.3	11.3	13.0	12.9	14.0	12.3	11.0
<b>Rocky Mountain</b> .....	<b>K</b>	<b>K</b>	<b>33.7</b>	<b>K</b>	<b>35.9</b>	<b>35.4</b>	<b>(D)</b>	<b>(D)</b>	<b>8.1</b>	<b>(D)</b>	<b>8.8</b>	<b>(D)</b>
Colorado.....	16.7	14.8	16.3	24.4	19.0	18.7	8.9	7.8	8.7	12.9	10.4	11.1
Idaho.....	3.5	4.1	4.8	H	3.8	3.9	5.1	5.9	6.9	(D)	5.5	5.9
Montana.....	F	F	2.1	0.9	2.1	1.9	(D)	(D)	9.4	4.1	9.9	9.5
Utah.....	8.2	9.3	9.4	10.1	10.0	10.1	6.4	7.3	7.4	8.0	8.2	8.8
Wyoming.....	1.4	1.4	1.1	1.0	0.9	0.8	14.4	14.1	10.6	9.8	9.2	(D)
<b>Far West</b> .....	<b>206.3</b>	<b>218.3</b>	<b>218.1</b>	<b>226.2</b>	<b>206.7</b>	<b>189.3</b>	<b>8.4</b>	<b>8.7</b>	<b>8.8</b>	<b>9.1</b>	<b>8.6</b>	<b>8.6</b>
Alaska.....	1.5	1.5	1.3	1.5	1.7	1.7	10.7	11.7	10.7	11.6	13.6	14.7
California.....	154.4	164.5	168.4	175.0	161.3	149.5	8.5	8.8	9.2	9.4	9.0	9.1
Hawaii.....	1.3	1.2	1.2	1.2	0.9	0.8	8.5	8.0	7.8	7.7	5.5	5.4
Nevada.....	5.0	4.9	4.6	4.7	4.8	4.5	13.0	12.4	11.4	11.2	10.9	10.3
Oregon.....	19.0	18.3	18.0	19.3	15.6	11.6	8.4	8.1	8.1	8.6	7.2	5.7
Washington.....	25.1	27.9	24.5	24.5	22.3	21.3	7.2	7.9	7.2	7.4	7.0	7.4
Puerto Rico.....	7.5	7.3	7.5	8.4	8.1	7.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas <sup>3</sup> .....	0.2	0.2	0.3	0.3	1.0	0.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign <sup>4</sup> .....	0.0	0.0	0.0	0.0	(*)	0.0	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 Census Bureau 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 consistency 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.

that are covered by collective bargaining agreements (and thus are represented by unions). The data on U.S. trade in goods of affiliates include exports and imports by product and by country of destination or origin; they also include imports of goods by intended use—that is, whether the goods are intended for further manufacture, for resale without further processing, or as additions to the affiliates' capital stock.<sup>14</sup> In addition, the benchmark survey provides some information on the operations of bank affiliates, which are not covered in BEA's annual surveys of U.S.-affiliate operations.<sup>15</sup>

### Research and development

In 2002, expenditures on R&D performed by majority-owned U.S. affiliates totaled \$27.5 billion; these expenditures accounted for 14 percent of the R&D performed by all U.S. businesses (table 7). The affiliate share in 2002 was substantially larger than the 11 percent share in 1997. In 1998, the share increased to 13 percent as a result of several foreign acquisitions of U.S. companies with large R&D expenditures. The share increased again in 2002 as a result of a 4-percent increase in affiliate R&D, partly due to acquisitions, in the face of a 4-percent reduction in R&D by all U.S. businesses.

About 75 percent of the total R&D performed by U.S. affiliates in 2002 was accounted for by affiliates in

14. Since 1993, data on imports intended for further manufacture by affiliates have also been collected for total affiliate imports (without a breakdown by transactor) in BEA's annual surveys of affiliate operations.

15. As noted earlier (see footnote 5), preliminary results for bank affiliates are being reported for the first time in this article.

**Table 7. Research and Development Performed by Majority-Owned Nonbank U.S. Affiliates and by All U.S. Businesses, 1997–2002**

	R&D performed by affiliates			R&D performed by all U.S. businesses <sup>1</sup>			R&D by affiliates as a percentage of R&D by all U.S. businesses		
	All industries	Manufacturing	Other	All industries	Manufacturing	Other	All industries	Manufacturing	Other
Millions of dollars									
1997 .....	17,216	14,270	2,946	157,539	n.a.	n.a.	10.9	n.a.	n.a.
1998 .....	22,375	18,788	3,587	169,180	n.a.	n.a.	13.2	n.a.	n.a.
1999 .....	24,027	19,991	4,036	182,711	116,921	65,790	13.2	17.1	6.1
2000 .....	26,180	20,990	5,190	199,539	124,078	75,461	13.1	16.9	6.9
2001 .....	26,463	20,054	6,409	198,505	120,705	77,800	13.3	16.6	8.2
2002 .....	27,508	20,228	7,280	190,809	108,985	81,824	14.4	18.6	8.9
Percent distribution									
1997 .....	100.0	82.9	17.1	100.0	n.a.	n.a.	.....	.....	.....
1998 .....	100.0	84.0	16.0	100.0	n.a.	n.a.	.....	.....	.....
1999 .....	100.0	83.2	16.8	100.0	64.0	36.0	.....	.....	.....
2000 .....	100.0	80.2	19.8	100.0	62.2	37.8	.....	.....	.....
2001 .....	100.0	75.8	24.2	100.0	60.8	39.2	.....	.....	.....
2002 .....	100.0	73.5	26.5	100.0	57.1	42.9	.....	.....	.....

n.a. Not available.

R&D Research and development.

1. Data are from the National Science Foundation.

manufacturing—mainly those in the pharmaceutical, motor vehicle, communications equipment, and electronic instrument industries. In other industries, most of the R&D was performed by affiliates classified in wholesale trade, many of which had secondary operations in manufacturing or in professional, scientific, and technical services. In 2002, affiliates in manufacturing accounted for 19 percent of the R&D of all U.S. manufacturing companies, and affiliates in other industries accounted for 9 percent of the R&D of all other companies. Both shares were up from the shares in 1999–2001.

In 2002, 90 percent of the total R&D performed by U.S. affiliates was performed by the affiliates for themselves, and 8 percent was performed under contract for other private companies (table 8). The share of affiliate R&D that was funded by the Federal Government was 2 percent, much smaller than the 9-percent federally funded share for all U.S. businesses. U.S. affiliates accounted for 15 percent of the privately funded R&D, but they accounted for only 3 percent of all federally funded R&D. The affiliate share of federally funded R&D may be low because much of this research is military related.

The amount of R&D performed by affiliates (\$27.5 billion) was larger than the amount of R&D funded by affiliates (\$25.5 billion). R&D funded by affiliates includes R&D performed for affiliates by others under contract and excludes R&D performed by affiliates for others.<sup>16</sup> Of the total R&D funded by affiliates, 98 percent was performed by the affiliates, and 2 percent was

16. R&D funded by affiliates is the basis on which data on affiliate R&D expenditures were collected in BEA's annual surveys before 1997. Since the 1997 benchmark survey, the basis for annual data collection has been R&D performed by affiliates, which is the main basis used by the National Science Foundation to present data on U.S. industrial R&D.

**Table 8. Research and Development Performed by Majority-Owned Nonbank U.S. Affiliates and by All U.S. Businesses by Source of Funding, 2002**

	Millions of dollars		Percent of total		R&D by affiliates as a percentage of R&D by all U.S. businesses
	R&D by affiliates	R&D by all U.S. businesses <sup>1</sup>	R&D by affiliates	R&D by all U.S. businesses	
<b>Total</b> .....	<b>27,508</b>	<b>190,809</b>	<b>100.0</b>	<b>100.0</b>	<b>14.4</b>
For Federal Government .....	555	16,401	2.0	8.6	3.4
For private companies .....	26,953	174,408	98.0	91.4	15.5
For themselves .....	24,863	n.a.	90.4	n.a.	n.a.
For others .....	2,090	n.a.	7.6	n.a.	n.a.
Addendum: Total research and development funded by affiliates <sup>2</sup> .....	25,453	.....	.....	.....	.....

n.a. Not available.

R&D Research and Development.

1. Data are from the National Science Foundation.

2. Includes R&D performed for affiliates by others and excludes R&D performed by affiliates for others.

performed by others under contract.

### Union-represented employment

In 2002, 15 percent of the employees of majority-owned nonbank U.S. affiliates were covered by collective bargaining agreements (table 9). Union-represented employees of affiliates accounted for 8.5 percent of the union-represented employment of all U.S. businesses, a share considerably higher than the shares in the last two benchmark survey years; in 1992, the affiliate share was 6.9 percent, and in 1997, it was 5.8 percent.

**Table 9. Union-Represented Employment of Majority-Owned Nonbank U.S. Affiliates and of All U.S. Businesses for 1992, 1997, and 2002**

	Union-represented employees (thousands)			Union-represented employment as a percentage of total employment		
	1992	1997	2002	1992	1997	2002
Majority-owned nonbank affiliates ....	741	600	809	19.0	14.0	14.9
All U.S. businesses <sup>1</sup> .....	10,702	10,255	9,535	12.5	10.6	9.3
Addendum: Union-represented employment of affiliates as a percentage of that of all U.S. businesses.....	6.9	5.8	8.5			

1. Estimates by the Bureau of Labor Statistics based on household survey data. These estimates include employees of depository institutions.

Despite the downward trend in the union-represented employment of all U.S. businesses, the number of union-represented employees for affiliates increased from 600,000 in 1997 to 809,000 in 2002. This increase reflected several foreign acquisitions of U.S. companies with large numbers of union-represented employees, particularly companies in such industries as motor vehicle manufacturing, food and beverage retail trade, electrical utilities, and food services and drinking places.

The union-represented share of affiliate employment varied considerably across sectors, ranging from 50 percent in utilities to zero percent in "finance (except depository institutions) and insurance" (table 10). The shares were also relatively large in retail trade, at 30 percent, and in transportation and warehousing, at 24 percent. The share in manufacturing was 18 percent. In manufacturing, the largest share was in transportation equipment (31 percent), reflecting a high share in the motor vehicle industry (34 percent). The shares were also relatively high in paper (29 percent), in primary metals (29 percent), and in food products (27 percent). The smallest shares were in two research-intensive industries—chemicals (8 percent) and computers and electronic products (7 percent).

In 2002, the union-represented share of employment of U.S. affiliates continued to be substantially

larger than that of all U.S. businesses. At the all-industries level, the larger affiliate share reflected the concentration of affiliate employment in industrial sectors with relatively high union representation, such as manufacturing.<sup>17</sup> In addition, within sectors, the union-represented share for affiliates differed from

17. In 2002, manufacturing accounted for more than a third of the employment of majority-owned nonbank affiliates but for less than a sixth of the employment of all U.S. businesses.

**Table 10. Union-Represented Employment of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 2002**

	Thousands		Union-represented employment as a percentage of total employment	Addendum: Union-represented employment of all U.S. businesses as a percentage of their total employment <sup>1</sup>
	Union-represented employment	Total employment		
<b>All industries<sup>2</sup> .....</b>	<b>809.2</b>	<b>5,420.3</b>	<b>14.9</b>	<b>9.3</b>
Mining .....	6.2	66.7	9.3	10.1
Utilities .....	15.2	30.6	49.6	26.6
Construction .....	5.7	75.4	7.5	17.3
<b>Manufacturing .....</b>	<b>410.5</b>	<b>2,227.6</b>	<b>18.4</b>	<b>15.4</b>
Food .....	32.3	121.1	26.7	n.a.
Beverages and tobacco products .....	5.1	53.5	9.6	n.a.
Textiles, apparel, and leather products .....	2.4	24.0	10.0	n.a.
Paper .....	12.2	41.8	29.1	n.a.
Printing and related support activities .....	10.4	56.9	18.3	n.a.
Petroleum and coal products .....	I	K	(D)	n.a.
Chemicals .....	26.4	329.4	8.0	n.a.
Plastics and rubber products .....	23.6	130.7	18.1	n.a.
Nonmetallic mineral products .....	32.8	155.4	21.1	n.a.
Primary metals .....	17.6	61.4	28.6	n.a.
Fabricated metal products .....	14.4	76.5	18.9	n.a.
Machinery .....	41.2	284.7	14.5	n.a.
Computers and electronic products .....	16.5	246.2	6.7	n.a.
Electrical equipment, appliances, and components .....	14.6	80.1	18.2	n.a.
Transportation equipment .....	115.3	367.4	31.4	n.a.
Motor vehicles, bodies and trailers, and parts .....	110.4	327.6	33.7	n.a.
Other .....	5.0	39.8	12.4	n.a.
Other .....	K	M	(D)	n.a.
<b>Wholesale trade .....</b>	<b>27.4</b>	<b>516.3</b>	<b>5.3</b>	<b>5.3</b>
<b>Retail trade .....</b>	<b>172.3</b>	<b>583.3</b>	<b>29.5</b>	<b>5.3</b>
Food and beverage stores .....	169.8	431.8	39.3	n.a.
Other .....	2.5	151.5	1.7	n.a.
<b>Transportation and warehousing .....</b>	<b>63.6</b>	<b>262.4</b>	<b>24.3</b>	<b>25.8</b>
<b>Information .....</b>	<b>13.1</b>	<b>245.8</b>	<b>5.3</b>	<b>16.0</b>
<b>Publishing industries .....</b>	<b>4.5</b>	<b>127.4</b>	<b>3.5</b>	<b>10.4</b>
Motion picture and sound recording industries .....	4.8	34.1	14.2	16.9
Telecommunications .....	1.6	37.4	4.3	24.3
Other .....	2.2	46.9	4.7	7.0
<b>Finance (except depository institutions) and insurance<sup>2</sup> .....</b>	<b>0.0</b>	<b>233.3</b>	<b>0.0</b>	<b>2.5</b>
<b>Real estate and rental and leasing .....</b>	<b>0.2</b>	<b>33.8</b>	<b>0.5</b>	<b>3.9</b>
<b>Professional, scientific, and technical services .....</b>	<b>15.6</b>	<b>162.5</b>	<b>9.6</b>	<b>2.0</b>
Administration, support, and waste management <sup>3</sup> .....	17.5	513.3	3.4	5.1
Health care and social assistance .....	6.5	85.8	7.6	8.2
Accommodation and food services .....	47.5	328.2	14.5	2.8
Other industries .....	8.0	55.3	14.5	7.9

D Suppressed to avoid disclosure of data of individual companies.

n.a. Not available.

1. Estimates by the Bureau of Labor Statistics based on household survey data.

2. For all U.S. businesses, includes depository institutions.

3. For all U.S. businesses, includes management of companies and enterprises (NAICS code 55).

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.

that for all U.S. businesses. Among the sectors for which comparative data are available, the union-represented employment share of affiliates was much larger than that of all U.S. businesses in retail trade, in utilities, in accommodation and food services, and in professional, scientific, and technical services. In retail trade and in accommodation and food services, the larger affiliate shares partly reflect a tendency for foreign direct investment to be concentrated in large-scale enterprises (such as grocery store chains or large food catering companies), which generally have higher rates of unionization than small businesses. The union-represented shares of affiliates were substantially lower than the shares of all U.S. businesses in two sectors—construction and information.

### Trade in goods

In 2002, majority-owned U.S. affiliates accounted for 20 percent of total U.S. exports of goods and for 28 percent of total U.S. imports of goods (table 11). 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 U.S. affiliates—about 45 percent of exports and about 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. Since 1997, the intrafirm trade of majority-owned U.S. affiliates has accounted for 8–9

percent of U.S. exports and for 20–23 percent of U.S. imports.<sup>18</sup>

Since the late 1980s, imports by U.S. affiliates have generally exceeded their exports by 90 percent to 140 percent, a gap that is substantially larger than the gap between total U.S. imports and exports. The relatively large gap for affiliates is accounted for by the trade of wholesale trade affiliates, many of which were established to facilitate the importation 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.

### By product

**Exports.** In 2002, majority-owned U.S. affiliates accounted for 71 percent of U.S. exports of mineral fuels and lubricants and for 42 percent of U.S. exports of road vehicles and parts (table 12, column 6, and chart 3). For both product categories, the affiliate shares of U.S. exports were much larger in 2002 than in 1997, mainly reflecting foreign acquisitions of U.S. companies in the petroleum and motor vehicle industries.

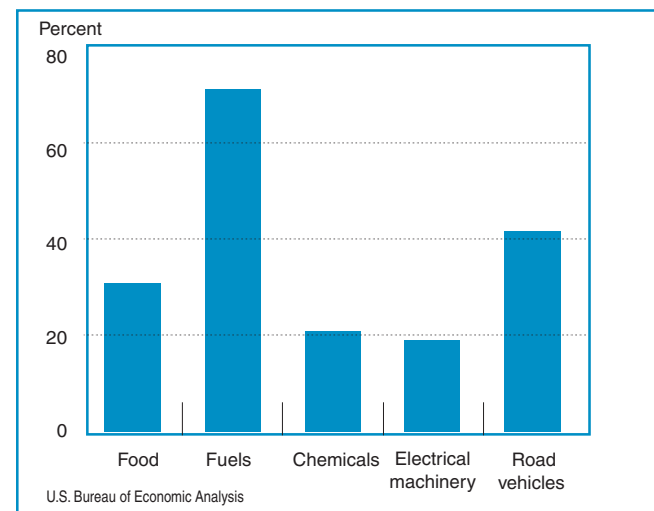
18. A portion of the remaining trade, trade between U.S. parent companies and their majority-owned foreign affiliates, is also intrafirm trade; together the intrafirm trade of foreign-owned U.S. affiliates and the intrafirm trade of U.S. multinational companies have accounted for 30–36 percent of U.S. 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](http://www.bea.gov/bea/papers.htm)>.

**Table 11. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates, 1987–2002**

	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	Of which: To the foreign parent group	Total	Of which: From the foreign parent group
	Total	Of which: To the foreign parent group	Total	Of which: 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.....	137,037	61,530	324,578	256,691	19.8	8.9	27.9	22.1

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.

**Chart 3. Affiliate Shares of U.S. Exports of Selected Products, 2002**



For road vehicles and parts, exports by affiliates almost tripled, from \$9 billion in 1997 to \$25 billion in 2002.

Relative to their share in 1997, intrafirm exports to foreign parent groups accounted for a substantially reduced share of affiliate exports of the two product categories in 2002: For mineral fuels and lubricants, the share was 22 percent (down from 48 percent in 1997), and for road vehicles and parts, the share was 38 percent (down from 52 percent) (table 12, columns 9 and 10).<sup>19</sup> Affiliate exports to their foreign parent groups accounted for 16 percent of total U.S. exports of mineral fuels and lubricants (down from 19 percent in 1997) and for 16 percent of total U.S. exports of road vehicles and parts (up from 8 percent) (table 12, columns 7 and 8).

For other product categories, affiliate exports of food, beverages, and tobacco (which were mainly shipped to companies in the affiliates' foreign parent groups) dropped from \$20 billion in 1997 to \$14 billion in 2002, largely as a result of reduced exports by Japanese-owned affiliates in wholesale trade. The affiliate share of the total U.S. exports of this product cate-

gory decreased from 41 percent to 31 percent. The affiliate shares of U.S. exports of crude materials, chemicals, and industrial machinery and equipment also decreased significantly. Affiliates continued to account for less than 10 percent of U.S. exports of office and automatic data processing machines and of other transport equipment.

Affiliate exports of chemicals and most products in the various machinery and transport equipment categories were mainly shipped by manufacturing affiliates in 2002 (table 13). In contrast, affiliates in wholesale trade accounted for a dominant share of affiliate exports of such primary commodities as food, crude materials, and mineral fuels.

**Imports.** In 2002, majority-owned U.S. affiliates accounted for a particularly large share of U.S. imports of road vehicles and parts—64 percent, up from 54 percent in 1997 (table 12, columns 5 and 6, and chart 4). The increase reflected both foreign acquisitions of U.S. companies and substantial increases in imports by existing U.S. affiliates. Affiliate imports of road vehicles and parts amounted to \$108 billion in 2002, or one-third of the \$325 billion total for affiliate imports of all products. In contrast to affiliate exports, more than 80 percent of the total affiliate imports of road vehicles and parts was accounted for by trade with the affiliates' foreign parent groups (table 12, column 10). Most of these intrafirm imports were by manufacturing and wholesale trade affiliates of Japanese, German, and Korean automobile firms.

**Table 12. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates by Product, 1997 and 2002**

	Millions of dollars				As a percentage of total U.S. trade <sup>1</sup>				Addenda: Intrafirm trade as a percentage of total trade by affiliates	
	Total trade by affiliates		Intrafirm trade by affiliates <sup>2</sup>		Total trade by affiliates		Intrafirm trade by affiliates <sup>2</sup>		1997	2002
	1997	2002	1997	2002	1997	2002	1997	2002		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>U.S. exports of goods, total</b> .....	<b>128,394</b>	<b>137,037</b>	<b>61,288</b>	<b>61,530</b>	<b>18.7</b>	<b>19.8</b>	<b>8.9</b>	<b>8.9</b>	<b>47.7</b>	<b>44.9</b>
Food, beverages, and tobacco.....	20,298	13,834	11,377	8,879	41.1	30.8	23.1	19.7	56.1	64.2
Crude materials, inedible, except fuels.....	(D)	4,628	(D)	2,507	B	16.5	A	8.9	B	54.2
Mineral fuels and lubricants.....	5,034	8,339	2,408	1,837	39.9	71.3	19.1	15.7	47.8	22.0
Chemicals.....	19,276	17,589	9,700	9,382	27.2	21.0	13.7	11.2	50.3	53.3
Industrial machinery and equipment.....	16,570	13,534	6,772	6,143	17.3	14.1	7.1	6.4	40.9	45.4
Office machines and automatic data processing machines.....	2,893	3,384	1,065	1,542	5.6	8.5	2.1	3.9	36.8	45.6
Telecommunications, sound equipment, and other electrical machinery.....	19,734	20,557	10,367	11,130	18.9	19.1	9.9	10.4	52.5	54.1
Road vehicles and parts.....	9,076	25,218	4,671	9,520	15.8	41.8	8.1	15.8	51.5	37.7
Other transport equipment.....	3,490	3,294	(D)	1,064	8.1	7.1	A	2.3	C	32.3
Other products.....	(D)	26,661	10,712	9,526	A	15.2	6.3	5.4	C	35.7
<b>U.S. imports of goods, total</b> .....	<b>249,310</b>	<b>324,578</b>	<b>193,969</b>	<b>256,691</b>	<b>28.6</b>	<b>27.9</b>	<b>22.3</b>	<b>22.1</b>	<b>77.8</b>	<b>79.1</b>
Food, beverages, and tobacco.....	11,988	11,743	6,988	8,378	30.1	23.5	17.5	16.8	58.3	71.3
Crude materials, inedible, except fuels.....	5,249	6,387	2,926	3,457	23.8	32.3	13.3	17.5	55.7	54.1
Mineral fuels and lubricants.....	(D)	29,254	(D)	17,299	A	25.0	A	14.8	C	59.1
Chemicals.....	20,787	23,875	16,766	19,169	41.3	27.7	33.3	22.3	80.7	80.3
Industrial machinery and equipment.....	20,779	15,527	15,795	12,537	26.2	16.7	19.9	13.5	76.0	80.7
Office machines and automatic data processing machines.....	13,705	17,155	(D)	15,768	18.3	22.3	A	20.5	F	91.9
Telecommunications, sound equipment, and other electrical machinery.....	48,516	53,090	(D)	47,088	41.5	36.0	B	31.9	F	88.7
Road vehicles and parts.....	61,101	108,262	49,256	90,662	54.2	64.4	43.7	53.9	80.6	83.7
Other transport equipment.....	(D)	3,340	(D)	2,636	B	16.5	B	13.0	F	78.9
Other products.....	51,015	55,946	38,221	39,697	18.0	14.5	13.5	10.3	74.9	71.0

D Suppressed to avoid disclosure of data of individual companies.

1. The data on total U.S. exports and imports used to compute the affiliate shares are from the U.S. Census Bureau.

2. Trade between U.S. affiliates and their foreign parent groups.

NOTE: The following ranges are given in the percentage cells that are suppressed: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.



For other product categories, affiliates accounted for 36 percent of U.S. imports of “telecommunications, sound equipment, and other electrical machinery” in 2002 (down from 41 percent in 1997); these imports were predominantly intrafirm imports by Japanese-, Korean-, and Canadian-owned affiliates in both manufacturing and wholesale trade. Affiliates accounted for 22 percent of U.S. imports of office and automatic data processing machines (up from 18 percent); these imports were largely intrafirm imports by wholesale trade affiliates of Japanese manufacturing companies.

### Imports by intended use

In 2002, almost three-fourths of the imports by majority-owned affiliates were goods for resale without further processing, assembly, or manufacture by the affiliates. Goods for resale without further manufacture accounted for 90 percent of the imports by wholesale trade affiliates (table 13).

Most of the remaining imports by affiliates were goods for further manufacture by the affiliates; a dominant share—about 80 percent—of these imports were by manufacturing affiliates. More than half of the imports by manufacturing affiliates were goods for further manufacture, but several of these affiliates also had substantial imports of goods for resale, reflecting their secondary activities in wholesale trade. Within manufacturing, imports for resale were particularly large for affiliates in transportation equipment, in computers and electronic products, and in plastics and rubber products.

Imports of capital equipment for use in affiliate production accounted for a very small share of the total imports of affiliates. Over half of these imports were by

affiliates in industries other than manufacturing or wholesale trade.

### Exports by country of destination

For the 28 largest U.S. trading partners in 2002, the shares of U.S. exports of goods accounted for by majority-owned U.S. affiliates were largest for Japan (44 percent), Switzerland (44 percent), and Sweden (31 percent) (table 14, column 8). For exports to Switzerland, the affiliate share in 2002 was substantially larger than the share in 1997 (24 percent), partly reflecting exports by companies that became foreign owned after 1997. In contrast, the affiliate share of exports to Sweden was substantially smaller in 2002 than the 47 percent share in 1997, partly due to foreign selloffs of affiliates. For Japan, the share declined modestly, from 49 percent in 1997.

For both Japan and Sweden, more than 80 percent of the exports by U.S. affiliates in 2002 were intrafirm shipments from the affiliates to their foreign parent groups. Intrafirm exports by U.S. affiliates accounted for 36 percent of U.S. exports to Japan and for 27 percent of U.S. exports to Sweden (table 14, column 10). Most of the intrafirm exports to Japan were shipments by Japanese-owned wholesale trade affiliates, including affiliates of Japan’s large general trading companies. The intrafirm exports to Sweden were predominantly shipments by manufacturing and wholesale trade affiliates of European manufacturing companies.

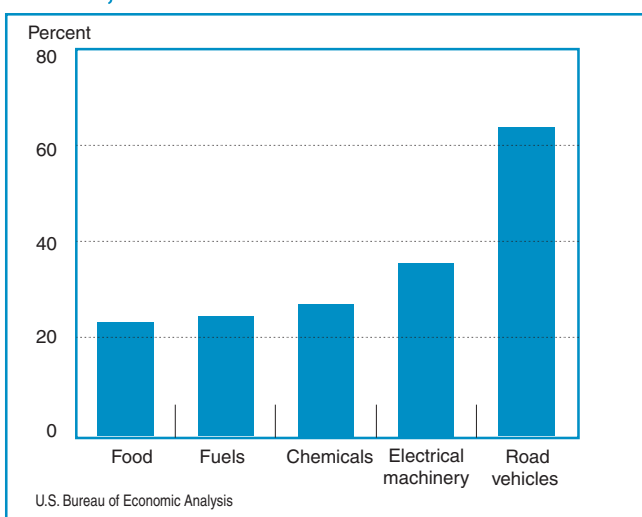
**Table 13. Exports by Product and Imports by Product and by Intended Use of Majority-Owned Nonbank Affiliates by Industry of Affiliate, 2002**

[Millions of dollars]

	All industries	Manufacturing	Wholesale trade	Other
<b>U.S. exports of goods, total</b> .....	<b>137,037</b>	<b>86,839</b>	<b>45,412</b>	<b>4,787</b>
By product:				
Food, beverages, and tobacco products .....	13,834	3,805	9,697	2
Crude materials, inedible, except fuels .....	4,628	1,378	2,633	617
Mineral fuels and lubricants .....	8,339	970	7,042	326
Chemicals .....	17,589	14,967	(D)	(D)
Industrial machinery and equipment .....	13,534	8,505	4,545	484
Office machines and automatic data processing machines .....	3,384	743	(D)	(D)
Telecommunications, sound equipment, and other electrical machinery .....	20,557	12,872	7,681	3
Road vehicles and parts .....	25,218	22,711	2,331	177
Other transport equipment .....	3,294	2,920	341	33
Other .....	26,661	17,968	6,132	2,561
<b>U.S. imports of goods, total</b> .....	<b>324,578</b>	<b>132,928</b>	<b>183,396</b>	<b>8,254</b>
By product:				
Food, beverages, and tobacco products .....	11,743	4,605	(D)	(D)
Crude materials, inedible, except fuels .....	6,387	(D)	(D)	143
Mineral fuels and lubricants .....	29,254	(D)	19,717	(D)
Chemicals .....	23,875	18,711	5,161	3
Industrial machinery and equipment .....	15,527	7,806	7,501	219
Office machines and automatic data processing machines .....	17,155	(D)	15,826	(D)
Telecommunications, sound equipment, and other electrical machinery .....	53,090	(D)	28,598	(D)
Road vehicles and parts .....	108,262	44,493	63,701	68
Other transport equipment .....	3,340	(D)	(D)	0
Other .....	55,946	20,536	30,939	4,470
By intended use:				
Capital equipment .....	891	377	49	466
Goods for resale without further manufacture .....	239,193	64,380	167,736	7,076
Goods for further manufacture .....	84,494	68,171	15,612	711

D Suppressed to avoid disclosure of data of individual companies.

**Chart 4. Affiliate Shares of U.S. Imports of Selected Products, 2002**



For trade with Japan and Sweden, about three-fourths of the exports by U.S. affiliates in 2002 were shipped by affiliates with UBOs in the respective countries (table 14, column 11). For Switzerland, the share of affiliate exports accounted for by Swiss-owned affiliates was 42 percent. Among the other leading trading partners, affiliates with UBOs in the country of destination accounted for a dominant share of affiliate exports to Germany (64 percent), Korea (56 percent), and France (55 percent). In contrast, Canadian-owned affiliates accounted for only 10 percent of affiliate exports to Canada, and Mexican-owned affiliates ac-

counted for only 4 percent of affiliate exports to Mexico. Most of the exports by affiliates to both Canada and Mexico were shipped by affiliates with UBOs in Germany or Japan.

Although German-owned affiliates accounted for almost two-thirds of all U.S.-affiliate exports to Germany, exports to Germany accounted for only 15 percent of the total exports by German-owned affiliates (table 15). The largest export markets for German-owned affiliates were Canada (which accounted for 30 percent of their exports) and Mexico (which accounted for 20 percent of their exports). For Japanese-owned

**Table 14. Total U.S. Exports of Goods and Exports of Goods by Majority-Owned Nonbank U.S. Affiliates by Country of Destination, 1997 and 2002**

	Millions of dollars						Percentage of total U.S. exports accounted for by:				Addenda: Percentage of U.S.-affiliate total and intrafirm exports to country that are accounted for by affiliates with UBOs in the country	
	Total <sup>1</sup>		Exports by majority-owned nonbank U.S. affiliates				Total exports by affiliates		Intrafirm exports by affiliates		Total	Intrafirm
			Total		Of which: Intrafirm exports <sup>2</sup>							
	1997	2002	1997	2002	1997	2002	1997	2002	1997	2002	2002	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
<b>All countries</b> .....	<b>689,182</b>	<b>693,103</b>	<b>128,394</b>	<b>137,037</b>	<b>61,288</b>	<b>61,530</b>	<b>18.6</b>	<b>19.8</b>	<b>8.9</b>	<b>8.9</b>	.....	.....
<b>Canada</b> .....	<b>151,767</b>	<b>160,923</b>	<b>21,047</b>	<b>23,089</b>	<b>8,696</b>	<b>8,013</b>	<b>13.9</b>	<b>14.3</b>	<b>5.7</b>	<b>5.0</b>	<b>10.2</b>	<b>23.5</b>
<b>Europe</b> .....	<b>163,273</b>	<b>163,625</b>	<b>28,018</b>	<b>29,980</b>	<b>13,451</b>	<b>19,304</b>	<b>17.2</b>	<b>18.3</b>	<b>8.2</b>	<b>11.8</b>	.....	.....
Belgium .....	13,420	13,326	(D)	1,211	(D)	964	A	9.1	A	7.2	24.9	B
France .....	15,965	19,016	2,851	3,115	1,589	2,384	17.9	16.4	10.0	12.5	55.1	64.7
Germany .....	24,458	26,630	5,881	6,686	3,446	5,069	24.0	25.1	14.1	19.0	63.5	63.8
Ireland .....	4,642	6,745	(D)	413	(D)	191	A	6.1	A	2.8	3.1	A
Italy .....	8,995	10,057	2,058	1,464	786	1,242	22.9	14.6	8.7	12.4	22.5	26.5
Netherlands .....	19,827	18,311	3,025	4,178	855	1,797	15.3	22.8	4.3	9.8	32.6	E
Spain .....	5,539	5,298	694	662	149	255	12.5	12.5	2.7	4.8	12.8	33.2
Sweden .....	3,314	3,153	1,546	990	1,027	845	46.7	31.4	31.0	26.8	76.1	F
Switzerland .....	8,307	7,783	2,012	3,399	1,238	1,772	24.2	43.7	14.9	22.8	42.4	74.1
United Kingdom .....	36,425	33,204	5,881	5,364	2,821	3,640	16.1	16.2	7.7	11.0	45.8	53.0
Other .....	22,381	20,102	(D)	2,498	(D)	1,145	A	12.4	A	5.7	.....	.....
<b>Latin America and Other</b>												
<b>Western Hemisphere</b> .....	<b>134,416</b>	<b>149,053</b>	<b>15,323</b>	<b>18,228</b>	<b>4,922</b>	<b>5,827</b>	<b>11.4</b>	<b>12.2</b>	<b>3.7</b>	<b>3.9</b>	.....	.....
Brazil .....	15,915	12,376	3,838	3,029	1,677	1,723	24.1	24.5	10.5	13.9	B	E
Mexico .....	71,388	97,470	6,520	12,686	1,759	3,415	9.1	13.0	2.5	3.5	3.7	A
Venezuela .....	6,602	4,430	603	204	148	67	9.1	4.6	2.2	1.5	0.7	2.1
Other .....	40,511	34,777	4,362	2,309	1,338	621	10.8	6.6	3.3	1.8	.....	.....
<b>Africa</b> .....	<b>11,390</b>	<b>10,663</b>	<b>1,257</b>	<b>677</b>	<b>285</b>	<b>435</b>	<b>11.0</b>	<b>6.3</b>	<b>2.5</b>	<b>4.1</b>	.....	.....
<b>Middle East</b> .....	<b>20,928</b>	<b>18,930</b>	<b>1,281</b>	<b>1,056</b>	<b>369</b>	<b>479</b>	<b>6.1</b>	<b>5.6</b>	<b>1.8</b>	<b>2.5</b>	.....	.....
Israel .....	5,995	7,027	364	194	103	65	6.1	2.8	1.7	0.9	14.9	44.3
Saudi Arabia .....	8,438	4,781	649	421	172	179	7.7	8.8	2.0	3.7	B	F
Other .....	6,495	7,122	268	441	94	235	4.1	6.2	1.4	3.3	.....	.....
<b>Asia and Pacific</b> .....	<b>207,069</b>	<b>189,748</b>	<b>53,240</b>	<b>38,752</b>	<b>32,946</b>	<b>25,571</b>	<b>25.7</b>	<b>20.4</b>	<b>15.9</b>	<b>13.5</b>	.....	.....
Australia .....	12,063	13,085	1,462	1,199	735	801	12.1	9.2	6.1	6.1	3.7	5.5
China .....	12,862	22,128	3,043	2,401	1,348	705	23.7	10.9	10.5	3.2	A	B
Hong Kong .....	15,117	12,594	1,746	905	727	522	11.5	7.2	4.8	4.1	A	B
India .....	3,608	4,101	753	110	146	23	20.9	2.7	4.0	0.6	2.5	11.9
Indonesia .....	4,522	2,556	722	384	180	129	16.0	15.0	4.0	5.1	A	A
Japan .....	65,549	51,449	31,932	22,583	24,062	18,458	48.7	43.9	36.7	35.9	76.1	85.6
Korea, Republic of .....	25,046	22,576	6,868	5,554	3,213	2,962	27.4	24.6	12.8	13.1	56.0	C
Malaysia .....	10,780	10,344	445	701	146	155	4.1	6.8	1.4	1.5	1.5	6.9
Philippines .....	7,417	7,276	421	333	163	96	5.7	4.6	2.2	1.3	A	A
Singapore .....	17,696	16,218	1,885	1,945	957	988	10.7	12.0	5.4	6.1	0.9	1.7
Taiwan .....	20,366	18,382	2,931	1,943	807	544	14.4	10.6	4.0	3.0	8.0	B
Thailand .....	7,349	4,860	746	506	413	115	10.2	10.4	5.6	2.4	A	A
Other .....	4,694	4,179	286	187	49	72	6.1	4.5	1.0	1.7	.....	.....
<b>Unallocated</b> .....			<b>8,228</b>	<b>25,257</b>	<b>619</b>	<b>1,902</b>	.....	.....	.....	.....	.....	.....

D Suppressed to avoid the disclosure of data of individual companies.

1. Data on total U.S. exports of goods are from the U.S. Census Bureau.

2. Trade between U.S. affiliates and their foreign parent groups.

Notes. The countries shown in this table are the 28 U.S. trading partners for which the sum of total U.S.

exports and total U.S. imports was at least \$10 billion in 2002.

The following ranges are given in the percentage cells that are suppressed: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.

UBO Ultimate beneficial owner

affiliates, the largest export market was Japan (which accounted for 47 percent of their exports); the next largest export markets were Canada and Mexico.

### Imports by country of origin

In 2002, majority-owned U.S. affiliates accounted for more than 50 percent of U.S. imports of goods from five countries: Japan (87 percent), Switzerland (62 percent), the Republic of Korea (55 percent), Saudi Arabia (55 percent), and Germany (54 percent) (table 16, column 8). For Saudi Arabia, the affiliate share in 2002 was much larger than that in 1997 as a result of foreign acquisitions of U.S. companies with large petroleum imports. The affiliate shares in 2002 were also larger for U.S. imports from Japan, Switzerland, and Korea, but the affiliate share was slightly smaller for U.S. imports from Germany.

In 2002, imports by affiliates from their foreign parent groups accounted for more than 95 percent of the U.S.-affiliate imports from Japan, Korea, and Germany. For all three countries, these intrafirm imports were predominantly shipments from parent companies in manufacturing. Intrafirm imports by U.S. affiliates accounted for 85 percent of U.S. imports from Japan, for 54 percent of U.S. imports from Korea, and for 51 percent of U.S. imports from Germany (table 16, column 10).

Affiliates with UBOs in the country of origin accounted for virtually all of the imports by U.S. affiliates from Japan and for more than 90 percent of affiliate imports from Korea and Germany (table 16, column 11). Affiliates with UBOs in the country of origin also

accounted for a dominant share of U.S.-affiliate imports from several other European countries; however, they accounted for only a small share of affiliate imports from most of the other major trading partners in Asia and Pacific. Canadian-owned affiliates accounted for 36 percent of affiliate imports from Canada, and Mexican-owned affiliates accounted for about 10 percent of affiliate imports from Mexico; most of the affiliate imports from these two countries were by affiliates with UBOs in Europe or Japan.

In contrast to their diverse geographic pattern of exports, more than half of the imports by German-owned affiliates originated in Germany, and more than 80 percent of the imports by Japanese-owned affiliates originated in Japan (table 15). Imports from the country of UBO also accounted for a dominant share of the imports by Korean-, Canadian-, and French-owned affiliates.

### Data for bank affiliates

In 2002, majority-owned bank affiliates of foreign direct investors had total assets of \$2.2 trillion, and they employed 140,000 workers (table 17 on page 212). In comparison, majority-owned nonbank affiliates had total assets of \$4.6 trillion, and they employed 5.4 million workers. In contrast to nonbank affiliates, almost all of the assets of bank affiliates were financial assets: Nonfinancial assets—as measured by their gross property, plant, and equipment—totaled only \$11.2 billion (compared with \$1.0 trillion in nonfinancial assets of nonbank affiliates). Interest income received by bank affiliates totaled \$98 billion (compared with \$99 billion

**Table 15. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates by Selected Country of Ultimate Beneficial Owner (UBO)**

	Millions of dollars						Trade with the country of UBO as a percentage of total exports or imports by affiliates of the UBO country		
	Exports or imports by affiliates of the UBO country								
	Total	Trade with the foreign parent group	Trade with others	Of which: Trade with the country of UBO			Total	Trade with the foreign parent group	Trade with others
				Total	Trade with the foreign parent group	Trade with others			
<b>Exports:</b>									
Canada.....	5,678	2,146	3,532	2,353	1,879	473	41.4	87.6	13.4
France.....	10,065	5,188	4,876	1,717	1,543	174	17.1	29.7	3.6
Germany.....	28,241	9,198	19,043	4,248	3,232	1,016	15.0	35.1	5.3
Netherlands.....	5,328	2,746	2,581	1,360	(D)	(D)	25.5	C	A
Switzerland.....	6,105	3,155	2,950	1,440	1,313	127	23.6	41.6	4.3
United Kingdom.....	14,978	4,203	10,775	2,457	1,930	526	16.4	45.9	4.9
Japan.....	36,778	22,768	14,010	17,184	15,793	1,390	46.7	69.4	9.9
Korea, Republic of.....	4,464	2,394	2,071	3,108	(D)	(D)	69.6	E	E
<b>Imports:</b>									
Canada.....	16,406	14,507	1,898	13,326	12,680	646	81.2	87.4	34.0
France.....	14,895	11,208	3,687	7,946	7,936	9	53.3	70.8	0.3
Germany.....	54,439	34,364	20,075	30,672	29,894	778	56.3	87.0	3.9
Netherlands.....	14,290	9,727	4,563	4,424	(D)	(D)	31.0	C	A
Switzerland.....	8,111	6,320	1,791	3,779	3,709	70	46.6	58.7	3.9
United Kingdom.....	22,254	13,205	9,050	10,310	(D)	(D)	46.3	E	A
Japan.....	125,242	114,677	10,564	104,739	102,334	2,404	83.6	89.2	22.8
Korea, Republic of.....	19,912	19,400	512	18,036	17,930	106	90.6	92.4	20.7

D Suppressed to avoid disclosure of data of individual companies.  
Notes. The countries shown in this table are the eight UBO countries for which the sum of exports and imports by majority-owned U.S. affiliates exceeded \$10 billion in 2002.

The following ranges are given in the percentage cells that are suppressed: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.  
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received by nonbank affiliates), and interest paid by bank affiliates totaled \$76 billion (compared with \$96 billion paid by nonbank affiliates).

In terms of assets, the largest investing countries for bank affiliates were Germany, the United Kingdom, the Netherlands, Japan, and Switzerland. In terms of gross operating revenues (sales), the largest investing countries were Japan, France, the United Kingdom, and Germany. British-owned bank affiliates had the highest employment; bank affiliates with UBOs in the Netherlands and Canada had the next highest employment.

By state, more than three-fourths of the employment by bank affiliates was in six states—New York, California, Illinois, Michigan, Pennsylvania, and Florida. Their employment in New York alone was 50,000, which was more than a third of their total employment for the United States.

## Revisions

The estimates of U.S.-affiliate operations in 2002 presented in this article are preliminary. The estimates of employment, sales, and expenditures for property,

**Table 16. Total U.S. Imports of Goods and Imports of Goods by Majority-Owned Nonbank U.S. Affiliates by Country of Origin, 1997 and 2002**

	Millions of dollars						Percentage of total U.S. imports accounted for by:				Addenda: Percentage of U.S.-affiliate total and intrafirm imports from country that are accounted for by affiliates with UBOs in the country	
	Total <sup>1</sup>		Imports by majority-owned nonbank U.S. affiliates				Total imports by affiliates		Intrafirm imports by affiliates		Total	Intrafirm
			Total		Of which: Intrafirm imports <sup>2</sup>							
	1997	2002	1997	2002	1997	2002	1997	2002	1997	2002	2002	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
<b>All countries</b> .....	<b>870,671</b>	<b>1,161,366</b>	<b>249,310</b>	<b>324,578</b>	<b>193,969</b>	<b>256,691</b>	<b>28.6</b>	<b>27.9</b>	<b>22.3</b>	<b>22.1</b>		
<b>Canada</b> .....	<b>167,234</b>	<b>209,088</b>	<b>24,723</b>	<b>37,033</b>	<b>18,581</b>	<b>24,619</b>	<b>14.8</b>	<b>17.7</b>	<b>11.1</b>	<b>11.8</b>	<b>36.0</b>	<b>51.5</b>
<b>Europe</b> .....	<b>181,441</b>	<b>260,813</b>	<b>65,405</b>	<b>85,709</b>	<b>57,476</b>	<b>75,706</b>	<b>36.0</b>	<b>32.9</b>	<b>31.7</b>	<b>29.0</b>		
Belgium.....	7,912	9,807	3,658	2,994	3,519	1,733	46.2	30.5	44.5	17.7	20.9	B
France.....	20,636	28,240	6,687	9,680	5,863	9,209	32.4	34.3	28.4	32.6	82.1	86.2
Germany.....	43,122	62,506	23,341	33,339	21,579	31,773	54.1	53.3	50.0	50.8	92.0	94.1
Ireland.....	5,867	22,388	601	629	478	520	10.2	2.8	8.1	2.3	18.5	22.4
Italy.....	19,408	24,220	3,122	3,535	2,367	3,044	16.1	14.6	12.2	12.6	66.9	E
Netherlands.....	7,293	9,849	2,664	4,774	2,399	4,317	36.5	48.5	32.9	43.8	92.7	F
Spain.....	4,606	5,733	787	598	622	489	17.1	10.4	13.5	8.5	43.8	C
Sweden.....	7,299	9,216	4,096	4,062	3,816	3,503	56.1	44.1	52.3	38.0	56.9	64.5
Switzerland.....	8,405	9,382	4,904	5,822	4,331	5,274	58.3	62.1	51.5	56.2	64.9	70.3
United Kingdom.....	32,659	40,745	10,581	13,438	8,884	10,402	32.4	33.0	27.2	25.5	76.7	F
Other.....	24,234	38,727	4,964	6,839	3,618	5,442	20.5	17.7	14.9	14.1		
<b>Latin America and Other</b>												
<b>Western Hemisphere</b> .....	<b>139,644</b>	<b>204,145</b>	<b>19,821</b>	<b>32,224</b>	<b>9,498</b>	<b>15,597</b>	<b>14.2</b>	<b>15.8</b>	<b>6.8</b>	<b>7.6</b>		
Brazil.....	9,626	15,781	2,019	4,577	1,205	3,799	21.0	29.0	12.5	24.1	57.8	E
Mexico.....	85,938	134,616	10,984	17,436	5,093	6,973	12.8	13.0	5.9	5.2	10.5	B
Venezuela.....	13,477	15,094	2,526	4,264	1,643	3,264	18.7	28.2	21.6	21.6	E	F
Other.....	30,603	38,655	4,292	5,947	1,557	1,561	14.0	15.4	5.1	4.0		
<b>Africa</b> .....	<b>19,925</b>	<b>22,100</b>	<b>(D)</b>	<b>1,802</b>	<b>(D)</b>	<b>184</b>	<b>A</b>	<b>8.2</b>	<b>A</b>	<b>0.8</b>		
<b>Middle East</b> .....	<b>20,403</b>	<b>34,302</b>	<b>(D)</b>	<b>8,651</b>	<b>(D)</b>	<b>6,041</b>	<b>A</b>	<b>25.2</b>	<b>A</b>	<b>17.6</b>		
Israel.....	7,326	12,416	545	635	502	562	7.4	5.1	6.9	4.5	77.9	87.9
Saudi Arabia.....	9,365	13,150	(D)	7,237	(D)	5,137	A	55.0	A	39.1	E	F
Other.....	3,712	8,736	(D)	780	(D)	341	A	8.9	A	3.9		
<b>Asia and Pacific</b> .....	<b>341,059</b>	<b>430,918</b>	<b>130,485</b>	<b>142,872</b>	<b>106,094</b>	<b>132,291</b>	<b>38.3</b>	<b>33.2</b>	<b>31.1</b>	<b>30.7</b>		
Australia.....	4,602	6,479	635	655	423	479	13.8	10.1	9.2	7.4	22.4	30.7
China.....	62,558	125,193	2,536	4,179	954	2,455	4.1	3.3	1.5	2.0	2.2	A
Hong Kong.....	10,288	9,328	4,780	2,706	2,706	1,780	46.5	29.0	26.3	19.1	19.5	B
India.....	7,322	11,818	228	300	27	55	3.1	2.5	0.4	0.5	2.8	15.4
Indonesia.....	9,188	9,643	(D)	693	747	357	A	7.2	8.1	3.7	A	A
Japan.....	121,663	121,429	97,076	105,974	85,337	102,843	79.8	87.3	70.1	84.7	98.8	99.5
Korea, Republic of.....	23,173	35,572	10,470	19,603	7,598	19,223	45.2	55.1	32.8	54.0	92.0	93.3
Malaysia.....	18,027	24,009	2,175	589	1,056	466	12.1	2.5	5.9	1.9	1.1	1.4
Philippines.....	10,445	10,980	900	342	418	152	8.6	3.1	4.0	1.4	A	B
Singapore.....	20,075	14,802	(D)	3,191	2,152	1,250	A	21.6	10.7	8.4	6.3	16.0
Taiwan.....	32,629	32,199	4,318	3,014	3,207	2,157	13.2	9.4	9.8	6.7	39.5	C
Thailand.....	12,602	14,793	1,863	541	1,006	234	14.8	3.7	8.0	1.6	0.0	0.0
Other.....	8,487	14,673	604	1,087	463	840	7.1	7.4	5.5	5.7		
<b>Unallocated</b> .....			<b>4,909</b>	<b>16,287</b>	<b>684</b>	<b>2,254</b>						

D Suppressed to avoid the disclosure of data of individual companies.

1. Data on total U.S. imports of goods are from the U.S. Census Bureau.

2. Trade between U.S. affiliates and their foreign parent groups.

Notes: The countries shown in this table are the 28 U.S. trading partners for which the sum of total U.S.

exports and total U.S. imports was at least \$10 billion in 2002.

The following ranges are given in the percentage cells that are suppressed: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.

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plant, and equipment supercede the advance summary estimates for majority-owned affiliates that were released on April 16 (BEA news release 04-16). From the advance estimates to the preliminary estimates, the estimates of employment were revised down 0.5 percent, the estimates of sales were revised down 0.4 percent, and the estimates of expenditures were revised down 2.8 percent.

The final estimates of U.S.-affiliate operations in 2001 are also presented. The final estimates of employment, sales, and expenditures for property, plant, and equipment supersede the summary estimates in the April news release and the preliminary estimates that were released in the late summer and early fall of

2003.<sup>20</sup> From the summary estimates to the final estimates, the estimates of employment were revised down 0.4 percent, the estimates of sales were revised down less than 0.1 percent, and the estimates of expenditures were revised down less than 0.1 percent. From the preliminary estimates to the final estimates, the estimates of employment were revised down 1.4 percent, the estimates of sales were revised down 0.7 percent, and the estimates of expenditures were revised down 0.5 percent.

### Appendix: Comparison of Data on Majority-Owned and All Nonbank Affiliates

This article focuses on the operations of U.S. affiliates that are majority-owned by foreign direct investors (see footnote 2 and the box "Key Terms"). BEA also collects data on the operations of U.S. affiliates that are owned 50 percent or less by foreign direct investors; however, beginning with the 2002 benchmark survey,

**Table 17. Selected Data of Majority-Owned Bank Affiliates by Country of Ultimate Beneficial Owner, 2002**

	Millions of dollars			Thousands of employees
	Total assets	Gross property, plant, and equipment	Gross operating revenues (sales)	
<b>All countries</b> .....	<b>2,162,810</b>	<b>11,225</b>	<b>149,267</b>	<b>140.3</b>
<b>Canada</b> .....	<b>205,981</b>	<b>1,676</b>	<b>9,801</b>	<b>20.2</b>
<b>Europe</b> .....	<b>1,617,842</b>	<b>7,402</b>	<b>101,607</b>	<b>95.1</b>
Belgium .....	19,358	(D)	(D)	0.2
Finland .....	(D)	5	(D)	0.1
France .....	202,773	1,015	32,217	11.7
Germany .....	434,511	1,028	20,311	16.3
Ireland .....	(D)	(D)	(D)	1
Italy .....	25,456	97	1,312	0.7
Netherlands .....	274,216	(D)	13,704	J
Spain .....	31,929	295	1,478	3.5
Sweden .....	(D)	5	(D)	0.1
Switzerland .....	220,173	(D)	(D)	2.6
United Kingdom .....	309,289	2,273	23,601	31.2
Other .....	23,598	94	670	0.7
<b>Latin America and Other Western Hemisphere</b> .....	<b>25,704</b>	<b>202</b>	<b>1,297</b>	<b>2.9</b>
Brazil .....	10,639	40	(D)	0.6
Other .....	15,065	162	(D)	2.3
<b>Africa</b> .....	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>0.1</b>
<b>Middle East</b> .....	<b>26,741</b>	<b>135</b>	<b>1,102</b>	<b>1.7</b>
Israel .....	23,292	112	977	1.5
Other .....	3,448	23	125	0.2
<b>Asia and Pacific</b> .....	<b>283,508</b>	<b>1,795</b>	<b>35,316</b>	<b>20.1</b>
Australia .....	12,571	(D)	401	0.3
Japan .....	235,524	1,467	33,444	16.2
Taiwan .....	17,960	128	647	1.4
Other .....	17,453	(D)	824	2.2
<b>United States</b> .....	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>0.2</b>

D Suppressed to avoid disclosure of data of individual companies.

Notes. The countries shown in this table are the UBO countries whose majority-owned U.S. bank affiliates had assets of at least \$10 billion in 2002.

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.

20. For the 2001 preliminary estimates of employment by majority-owned nonbank U.S. affiliates, see William J. Zeile, "U.S. Affiliates of Foreign Companies: Operations in 2001," SURVEY 83 (August 2003): 38-56. The preliminary estimates of sales and of expenditures for property, plant, and equipment by majority-owned nonbank U.S. affiliates were included in detailed tables on U.S.-affiliate operations that were posted on BEA's Web site in October 2003.

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the data collected for these affiliates are less extensive than the data for majority-owned affiliates (see the box "The 2002 Benchmark Survey").

For most of the key data items collected in the benchmark and annual surveys of nonbank U.S. affiliates, majority-owned affiliates have consistently accounted for more than 80 percent of the totals for all affiliates (table 18). In addition, the shares of the totals

that are accounted for by majority-owned affiliates have tended to increase over time. In 2002, majority-owned affiliates accounted for more than 90 percent of the total employment, sales, and exports and imports of goods of all affiliates, and these affiliates accounted for more than 85 percent of the total assets and gross property, plant, and equipment.

Tables 19.1 to 20.2 follow.

**Table 18. Selected Data of All Nonbank and Majority-Owned Nonbank U.S. Affiliates of Foreign Direct Investors, 1987–2002**

	Millions of dollars			Thousands of employees	Millions of dollars	
	Total assets	Gross property, plant, and equipment	Sales		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
<b>All nonbank affiliates:</b>						
1987 .....	943,654	353,278	744,617	3,224.3	48,091	143,537
1988 .....	1,200,823	418,069	886,407	3,844.2	69,541	155,533
1989 .....	1,431,315	489,461	1,056,645	4,511.5	86,316	171,847
1990 .....	1,550,238	578,355	1,175,857	4,734.5	92,308	182,936
1991 .....	1,752,628	640,140	1,185,858	4,871.9	96,933	178,702
1992 .....	1,825,219	660,826	1,231,972	4,715.4	103,925	184,464
1993 .....	2,065,804	705,665	1,329,435	4,765.6	106,615	200,599
1994 .....	2,206,701	754,383	1,443,489	4,840.5	120,683	232,362
1995 .....	2,388,724	769,491	1,544,603	4,941.8	135,153	250,824
1996 .....	2,681,746	825,695	1,667,619	5,105.0	140,886	268,673
1997 .....	3,071,483	877,568	1,726,344	5,201.9	141,305	264,924
1998 .....	3,534,509	990,332	1,875,489	5,646.1	151,005	292,046
1999 .....	4,177,211	1,075,364	2,044,359	6,027.6	153,572	324,994
2000 .....	4,893,942	1,175,628	2,334,692	6,524.6	164,673	372,164
2001 .....	5,436,996	1,181,091	2,327,091	6,268.3	157,459	347,823
2002 .....	5,213,336	1,180,629	2,225,352	5,932.2	146,186	337,406
<b>Majority-owned nonbank affiliates:</b>						
1987 .....	649,735	270,567	628,494	2,602.7	39,497	133,620
1988 .....	878,491	313,902	739,128	3,119.0	57,209	144,896
1989 .....	1,039,568	365,733	863,538	3,573.4	72,413	158,792
1990 .....	1,269,876	438,182	995,013	3,841.7	79,368	170,677
1991 .....	1,396,153	489,904	1,008,388	3,991.3	85,254	169,362
1992 .....	1,459,492	520,731	1,049,942	3,903.9	91,686	172,260
1993 .....	1,625,086	550,185	1,112,693	3,851.7	94,329	186,369
1994 .....	1,861,758	589,833	1,210,837	3,954.0	107,057	214,485
1995 .....	2,039,300	619,275	1,311,210	4,022.6	121,277	232,250
1996 .....	2,316,850	652,668	1,423,715	4,155.6	125,897	248,562
1997 .....	2,661,025	678,350	1,478,221	4,269.1	128,394	249,310
1998 .....	3,053,805	786,596	1,622,946	4,669.5	136,949	277,909
1999 .....	3,637,321	868,923	1,792,520	5,064.3	140,808	312,895
2000 .....	4,216,349	954,414	2,051,878	5,656.5	150,911	354,613
2001 .....	4,760,642	1,004,981	2,070,234	5,594.3	145,525	333,855
2002 .....	4,556,582	1,016,004	2,043,500	5,420.3	137,037	324,578
<b>Majority-owned nonbank affiliates as a percentage of all nonbank affiliates:</b>						
1987 .....	68.9	76.6	84.4	80.7	82.1	93.1
1988 .....	73.2	75.1	83.4	81.1	82.3	93.2
1989 .....	72.6	74.7	81.7	79.2	83.9	92.4
1990 .....	81.9	75.8	84.6	81.1	86.0	93.3
1991 .....	79.7	76.5	85.0	81.9	88.0	94.8
1992 .....	80.0	78.8	85.2	82.8	88.2	93.4
1993 .....	78.7	78.0	83.7	80.8	88.5	92.9
1994 .....	84.4	78.2	83.9	81.7	88.7	92.3
1995 .....	85.4	80.5	84.9	81.4	89.7	92.6
1996 .....	86.4	79.0	85.4	81.4	89.4	92.5
1997 .....	86.6	77.3	85.6	82.1	90.9	94.1
1998 .....	86.4	79.4	86.5	82.7	90.7	95.2
1999 .....	87.1	80.8	87.7	84.0	91.7	96.3
2000 .....	86.2	81.2	87.9	86.7	91.6	95.3
2001 .....	87.6	85.1	89.0	89.2	92.4	96.0
2002 .....	87.4	86.1	91.8	91.4	93.7	96.2







Table 20.1. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2001

	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)
<b>All countries</b> .....	<b>4,760,642</b>	<b>1,004,981</b>	<b>121,665</b>	<b>2,070,234</b>	<b>-51,774</b>	<b>417,122</b>	<b>310,015</b>	<b>5,594.3</b>	<b>145,525</b>	<b>333,855</b>	<b>26,463</b>
<b>Canada</b> .....	<b>370,010</b>	<b>88,890</b>	<b>10,846</b>	<b>144,373</b>	<b>-21,364</b>	<b>31,702</b>	<b>27,903</b>	<b>499.2</b>	<b>8,191</b>	<b>19,070</b>	<b>2,136</b>
<b>Europe</b> .....	<b>3,546,878</b>	<b>621,106</b>	<b>74,294</b>	<b>1,240,734</b>	<b>-17,529</b>	<b>270,144</b>	<b>209,027</b>	<b>3,838.8</b>	<b>76,748</b>	<b>135,322</b>	<b>19,973</b>
Austria .....	3,528	1,642	159	3,166	-360	491	645	11.2	343	750	16
Belgium .....	39,702	10,424	746	23,908	297	5,925	3,834	139.9	602	958	108
Denmark .....	(D)	2,940	368	6,759	-97	1,188	1,030	16.8	417	987	(D)
Finland .....	16,593	(D)	(D)	(D)	(D)	(D)	(D)	K	1,624	(D)	601
France .....	473,117	66,611	8,149	157,345	-3,165	35,444	28,708	473.2	9,817	(D)	2,662
Germany .....	673,093	171,103	25,051	302,557	-13,450	46,882	48,249	694.4	29,298	56,477	5,686
Ireland .....	11,603	5,294	401	10,337	132	3,109	2,065	36.8	91	221	(D)
Italy .....	35,645	11,891	1,117	22,189	-887	4,665	3,782	91.7	1,498	3,678	(D)
Liechtenstein .....	570	388	26	738	-7	234	180	3.0	42	(D)	6
Luxembourg .....	7,143	2,994	224	3,695	292	930	300	7.4	361	(D)	35
Netherlands .....	590,332	70,748	7,808	191,868	(D)	36,188	25,137	535.2	(D)	16,227	1,660
Norway .....	7,296	2,450	266	9,388	-180	1,426	1,279	19.9	(D)	1,321	70
Spain .....	7,890	2,761	317	4,833	-351	777	777	15.9	144	724	26
Sweden .....	65,608	15,533	1,708	43,821	-751	10,803	9,329	249.6	4,025	4,355	465
Switzerland .....	824,424	36,985	4,070	115,544	-2,301	29,097	28,027	453.5	5,947	8,010	3,107
United Kingdom .....	773,450	208,838	23,002	321,973	3,857	89,151	52,610	1,040.8	15,586	22,675	4,819
Other .....	(D)	(D)	(D)	(D)	-47	(D)	(D)	I	102	597	3
<b>Latin America and Other Western Hemisphere</b> .....	<b>242,451</b>	<b>64,074</b>	<b>10,115</b>	<b>119,387</b>	<b>-7,893</b>	<b>30,075</b>	<b>21,142</b>	<b>355.3</b>	<b>10,362</b>	<b>15,196</b>	<b>1,126</b>
South and Central America .....	32,915	14,910	1,450	44,049	-662	9,506	3,366	65.8	2,917	11,575	112
Brazil .....	3,507	1,712	162	6,104	29	540	299	4.8	(D)	2,523	(*)
Mexico .....	18,239	6,172	786	15,302	-1,095	2,660	2,053	47.0	(D)	2,430	(D)
Panama .....	1,846	(D)	139	1,269	-58	579	467	6.9	(D)	24	(D)
Venezuela .....	(D)	(D)	317	(D)	(D)	(D)	(D)	H	(D)	(D)	0
Other .....	(D)	396	46	(D)	(D)	(D)	(D)	G	122	(D)	(*)
Other Western Hemisphere .....	209,536	49,165	8,665	75,338	-7,231	20,569	17,776	289.5	7,445	3,621	1,014
Bahamas .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	I	22	34	0
Bermuda .....	(D)	37,481	6,552	(D)	(D)	14,949	13,859	224.9	6,421	1,923	(D)
Netherlands Antilles .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	J	(D)	101	(D)
United Kingdom Islands, Caribbean .....	50,858	6,661	1,113	10,348	-461	2,022	1,738	35.6	(D)	1,555	(D)
Other .....	221	140	17	237	-1	91	44	0.9	8	8	0
<b>Africa</b> .....	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>J</b>	<b>(D)</b>	<b>390</b>	<b>36</b>
South Africa .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	I	(D)	(D)	36
Other .....	1,259	448	25	397	-28	16	37	1.0	47	(D)	0
<b>Middle East</b> .....	<b>23,886</b>	<b>18,348</b>	<b>1,544</b>	<b>30,834</b>	<b>795</b>	<b>8,308</b>	<b>2,145</b>	<b>40.5</b>	<b>792</b>	<b>(D)</b>	<b>177</b>
Israel .....	4,152	1,172	269	3,224	-268	566	582	11.0	303	(D)	99
Kuwait .....	1,599	1,472	107	509	45	171	39	1.1	(D)	5	0
Lebanon .....	(D)	(D)	70	(D)	(D)	221	93	2.3	8	4	(*)
Saudi Arabia .....	12,032	10,783	710	24,268	1,047	6,307	703	10.4	(D)	(D)	11
United Arab Emirates .....	3,065	2,806	242	570	-2	292	58	1.8	71	62	0
Other .....	(D)	(D)	145	(D)	(D)	751	670	13.8	77	143	66
<b>Asia and Pacific</b> .....	<b>552,414</b>	<b>201,822</b>	<b>23,958</b>	<b>512,668</b>	<b>-6,633</b>	<b>69,960</b>	<b>47,189</b>	<b>818.1</b>	<b>47,099</b>	<b>154,874</b>	<b>2,946</b>
Australia .....	64,237	14,507	2,017	23,400	-3,633	6,224	3,480	59.2	(D)	(D)	33
China .....	1,201	620	24	1,626	-46	253	233	3.9	431	120	(D)
Hong Kong .....	7,130	5,042	(D)	4,779	-26	(D)	(D)	J	187	726	(D)
Indonesia .....	216	138	25	193	17	(D)	(D)	F	4	30	0
Japan .....	443,180	157,769	19,214	435,898	-1,408	57,735	39,548	681.3	40,766	133,612	2,719
Korea, Republic of .....	13,278	5,990	(D)	27,739	-651	1,303	858	12.7	(D)	(D)	(D)
Malaysia .....	1,508	823	62	(D)	(D)	271	223	4.4	74	18	10
New Zealand .....	510	65	4	1,177	-37	61	56	0.8	53	695	3
Philippines .....	270	178	16	134	8	35	16	0.5	3	(D)	0
Singapore .....	6,021	4,458	353	5,034	-374	840	876	15.9	243	589	1
Taiwan .....	13,229	10,940	897	10,846	-408	1,723	1,095	20.0	763	1,597	43
Other .....	1,633	1,292	42	(D)	(D)	295	231	6.7	11	(D)	0
<b>United States</b> .....	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>K</b>	<b>(D)</b>	<b>(D)</b>	<b>69</b>
<b>Addenda:</b>											
European Union (15) <sup>1</sup> .....	2,713,231	580,698	69,859	1,111,892	-15,024	239,175	179,394	3,359.6	70,357	125,211	16,787
OPEC <sup>2</sup> .....	26,330	20,733	1,423	45,911	1,586	12,469	1,302	19.0	(D)	(D)	18

D Suppressed to avoid disclosure of data of individual companies.

\* Less than \$500,000.

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.

The estimates for 2001 are revised.

Table 20.2. Selected Data of Majority-Owned Nonbank U.S. 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)
<b>All countries</b> .....	<b>4,556,582</b>	<b>1,016,004</b>	<b>111,864</b>	<b>2,043,500</b>	<b>-51,250</b>	<b>453,637</b>	<b>307,133</b>	<b>5,420.3</b>	<b>137,037</b>	<b>324,578</b>	<b>27,508</b>
<b>Canada</b> .....	<b>325,469</b>	<b>84,674</b>	<b>6,670</b>	<b>128,411</b>	<b>-4,732</b>	<b>36,589</b>	<b>24,817</b>	<b>470.5</b>	<b>5,678</b>	<b>16,406</b>	<b>1,583</b>
<b>Europe</b> .....	<b>3,418,922</b>	<b>639,160</b>	<b>69,533</b>	<b>1,246,557</b>	<b>-30,801</b>	<b>290,887</b>	<b>209,724</b>	<b>3,751.9</b>	<b>73,806</b>	<b>132,322</b>	<b>20,735</b>
Austria .....	3,459	1,352	110	2,993	-348	483	646	10.4	322	(D)	15
Belgium .....	41,275	10,513	757	23,252	264	6,194	3,758	132.6	615	976	88
Denmark .....	15,881	3,070	502	9,411	-27	2,427	2,027	44.7	424	1,063	97
Finland .....	13,909	7,946	480	16,672	-998	4,108	2,836	38.5	1,253	4,365	544
France .....	447,432	69,059	7,071	150,885	-1,461	40,926	28,904	468.0	10,065	14,895	2,620
Germany .....	534,078	176,956	24,918	290,353	-24,598	56,951	46,275	676.4	28,241	54,439	5,659
Ireland .....	12,179	5,831	385	10,714	183	3,385	2,137	36.1	98	207	368
Italy .....	38,212	11,698	1,088	22,134	-412	5,070	3,783	87.7	1,572	3,347	245
Luxembourg .....	7,721	3,331	634	3,515	170	1,029	467	13.6	302	(D)	22
Netherlands .....	529,883	80,285	8,877	226,982	-2,213	38,487	25,783	547.3	5,328	14,290	1,773
Norway .....	7,020	2,411	336	8,956	-441	979	1,232	17.7	204	834	64
Spain .....	7,932	2,835	277	5,464	-216	927	813	18.0	191	725	27
Sweden .....	58,142	15,476	1,288	43,049	-830	11,891	9,646	225.7	3,976	3,904	454
Switzerland .....	878,483	35,898	3,612	111,395	-4,439	27,596	28,422	429.9	6,105	8,111	3,295
United Kingdom .....	819,758	210,411	18,837	314,944	4,518	89,658	52,516	995.8	14,978	22,254	5,459
Other .....	2,559	2,069	360	5,841	46	775	481	9.4	133	739	5
<b>Latin America and Other Western Hemisphere</b> .....	<b>222,161</b>	<b>65,316</b>	<b>8,208</b>	<b>122,170</b>	<b>-11,817</b>	<b>37,045</b>	<b>21,757</b>	<b>352.3</b>	<b>9,104</b>	<b>15,509</b>	<b>1,035</b>
South and Central America .....	33,109	15,894	1,800	44,126	-732	10,167	3,638	65.7	2,544	11,715	103
Brazil .....	3,873	1,946	180	(D)	(D)	675	340	5.3	(D)	(D)	0
Mexico .....	18,132	6,500	802	15,769	-828	3,496	2,317	47.1	(D)	2,571	45
Panama .....	(D)	(D)	(D)	1,312	-134	513	492	6.5	142	161	59
Venezuela .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	466	(D)	0
Other .....	798	295	33	1,053	-16	(D)	(D)	G	99	421	0
Other Western Hemisphere .....	189,052	49,422	6,408	78,044	-11,085	26,877	18,119	286.7	6,560	3,793	931
Bahamas .....	1,032	398	20	346	-35	120	83	2.6	19	27	0
Bermuda .....	121,159	35,152	4,525	62,552	-10,495	22,154	14,177	223.4	6,454	2,842	780
Netherlands Antilles .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	J	6	21	(D)
United Kingdom Islands, Caribbean .....	55,661	7,306	1,237	9,714	-174	2,147	1,911	36.5	66	895	(D)
Other .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	I	15	7	(*)
<b>Africa</b> .....	<b>6,073</b>	<b>3,306</b>	<b>273</b>	<b>5,387</b>	<b>-28</b>	<b>1,150</b>	<b>794</b>	<b>10.3</b>	<b>513</b>	<b>362</b>	<b>35</b>
South Africa .....	4,984	2,931	259	5,009	-48	1,069	764	9.7	513	(D)	35
Other .....	1,089	375	15	378	20	81	30	0.6	(*)	(D)	0
<b>Middle East</b> .....	<b>22,888</b>	<b>17,667</b>	<b>1,523</b>	<b>30,331</b>	<b>-617</b>	<b>7,275</b>	<b>2,231</b>	<b>40.7</b>	<b>748</b>	<b>7,510</b>	<b>(D)</b>
Israel .....	3,779	1,038	277	(D)	-168	634	510	9.6	277	(D)	106
Kuwait .....	1,661	1,330	83	499	47	190	28	0.9	126	(*)	0
Lebanon .....	674	738	47	422	38	218	96	2.3	8	4	(*)
Saudi Arabia .....	11,542	10,594	759	(D)	-546	4,993	737	9.8	199	(D)	(D)
United Arab Emirates .....	2,723	2,778	203	521	-4	244	55	1.6	(D)	26	0
Other .....	2,509	1,189	153	2,245	16	997	806	16.6	(D)	(D)	(D)
<b>Asia and Pacific</b> .....	<b>540,946</b>	<b>198,098</b>	<b>24,907</b>	<b>492,116</b>	<b>-2,342</b>	<b>75,627</b>	<b>45,039</b>	<b>754.3</b>	<b>43,164</b>	<b>149,093</b>	<b>3,263</b>
Australia .....	67,658	18,659	2,037	22,642	-5,824	6,656	3,472	55.0	303	360	22
China .....	1,096	546	15	1,427	-26	251	202	3.4	454	110	18
Hong Kong .....	6,521	4,738	406	4,461	147	1,231	479	11.3	(D)	631	(D)
India .....	390	129	9	489	-20	91	95	1.7	8	11	0
Japan .....	430,565	150,705	20,275	414,472	3,833	61,976	37,656	628.2	36,778	125,242	(D)
Korea, Republic of .....	12,760	5,876	691	30,576	137	1,948	803	11.9	4,464	19,912	(D)
Malaysia .....	1,687	1,064	64	879	-45	334	270	5.4	(D)	13	13
New Zealand .....	351	67	4	1,031	-48	19	24	0.3	15	802	1
Singapore .....	5,800	4,393	401	4,841	-280	1,131	874	15.2	168	526	1
Taiwan .....	13,004	10,894	876	10,734	-237	1,836	1,070	18.6	781	1,406	36
Other .....	1,115	1,027	129	565	20	154	94	3.2	7	79	0
<b>United States</b> .....	<b>20,122</b>	<b>7,783</b>	<b>751</b>	<b>18,529</b>	<b>-913</b>	<b>5,064</b>	<b>2,770</b>	<b>40.1</b>	<b>4,024</b>	<b>3,377</b>	<b>(D)</b>
<b>Addenda:</b>											
European Union (15) <sup>1</sup> .....	2,531,643	600,017	65,496	1,122,436	-25,886	261,881	179,740	3,298.3	67,370	122,648	17,371
OPEC <sup>2</sup> .....	(D)	(D)	1,881	(D)	(D)	(D)	(D)	J	(D)	(D)	16

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The estimates for 2002 are preliminary