

Footnotes to the Tables

Table I.M2

1. A U.S. parent that had affiliates in more than one country or industry is counted once in each country or industry in which it had affiliates. Thus, the numbers appearing in individual country/industry cells do not add to the subtotals and totals.

Table I.W1

1. Consists of common and preferred stock of affiliates owned by U.S. parents, plus U.S. parents' equity in additional paid-in capital. Also includes U.S. parents' total equity in those unincorporated affiliates for which detail on equity by type could not be provided, less translation adjustments.

2. U.S. parents' equity in retained earnings.

3. Consists of the U.S. parents' share in the cumulative amount of capital gains and losses associated with currency-translation adjustments—that is, gains and losses that arise because of changes in the exchange rates that are applied in translating affiliates' assets and liabilities from their functional currencies into U.S. dollars from the end of one accounting period to the next, and other comprehensive income and losses.

Table I.X1

1. A net increase in U.S. parents' equity in affiliates is a U.S. capital outflow; a net decrease is a U.S. capital inflow.

2. Equals earnings (that is, the U.S. parents' share in the earnings of their foreign affiliates) less distributed earnings (that is, earnings distributed to U.S. parents before deduction of foreign withholding taxes).

3. An increase in U.S. parents' payables is a decrease in net intercompany debt and a U.S. capital inflow.

4. Represents gains or losses that arise because of changes from the end of one accounting period to the next in exchange rates applied in translating affiliates' assets and liabilities from foreign currencies into dollars.

5. The data on this line pertain to the 25 countries that composed the European Union as of May 1, 2004.

Table I.Y1

1. Excludes capital gains and losses. As presented here, is not adjusted to reflect current-period prices. Prior to being entered into the international transactions accounts, adjustments to reflect current-period prices are made to direct investment income on a global basis only. These adjustments do not appear in the direct investment income tables that are disaggregated by country or by industry.

2. U.S. parents' shares in the net income of their affiliates, before deduction of foreign withholding taxes on distributed earnings.

3. Earnings distributed to U.S. parents before deduction of foreign withholding taxes.

4. Interest received by or credited to U.S. parents on debt owed to them by their affiliates, less interest paid or credited by U.S. parents on debt owed by them to their affiliates, both before deduction of (foreign or U.S.) withholding taxes.

Table I.Z1

1. Receipts are before deduction of foreign withholding taxes.

2. Payments are before deduction of U.S. withholding taxes.

Table I.Z3

1. Receipts are before deduction of foreign withholding taxes.

2. Consists of receipts for services—such as management, professional, or technical services—rendered between U.S. parents and their foreign affiliates, whether in the form of sales of services or reimbursements. Sales of services are receipts for services rendered that are normally included in sales in the income statement of the seller. Reimbursements are receipts for services rendered that are normally included in “other

income” in the income statement of the provider of the service.

3. Payments are before deduction of U.S. withholding taxes.

Tables II.A1 and II.A2

1. The number of affiliates and parents shown in this table exclude affiliates that were exempt from reporting a survey form in the benchmark survey, and parents that had only exempt affiliates, even though estimates for such affiliates and parents are included in the data for other items (see text).

Table II.B1

1. Before allowance for doubtful accounts.

Tables II.B2, II.B4, and II.B12

1. Includes common and preferred stock and additional paid-in-capital, less treasury stock. Also includes total equity in unincorporated affiliates for which detail on equity by type could not be provided.

2. Includes retained earnings and other reserves.

3. Consists of the cumulative amount of capital gains and losses associated with currency-translation adjustments—that is, gains and losses that arise because of changes in the exchange rates that are applied in translating affiliates’ assets and liabilities from their functional currencies into U.S. dollars from the end of one accounting period to the next, treasury stock and involuntarily (or legally) restricted earnings, and other comprehensive income.

Tables II.D6 and II.D7

1. Includes the net book value of “transfers in” of property, plant, and equipment to majority-owned affiliates only. Data on “transfers in” of minority-owned affiliates were not collected. For a given affiliate, “transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

Table II.E1

1. Consists of gains or losses resulting from the sale or other disposition of assets, changes in the dollar value of foreign affiliates’ assets and liabilities denominated in foreign currencies other than the affiliate’s functional currency that are caused by changes in exchange rates, transaction gains or losses taken to income in accordance with Financial Accounting Standards Board Statement No. 52, and all other unusual or nonrecurring gains or

losses, including those resulting from the revaluation of assets, whether realized or not.

Table II.M1

1. Includes capitalized expenditures for land, timber, mineral and like rights owned, structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and capitalized and expensed tangible and intangible exploration and development costs (but not the costs of other types of intangible assets) and land held for resale.

2. Expenditures for research and development performed by the parents, whether for themselves or for others under contract. Excludes expenditures for research and development performed by others for parents under contract.

Table II.O1

1. Expenditures include the net book value of “transfers in” of property, plant, and equipment from foreign affiliates of the U.S. parent, costs for expensed petroleum, and mining exploration and development.

Table II.O2

1. Expenditures include the net book value of “transfers in” of property, plant, and equipment from foreign affiliates of the U.S. parent.

Table II.P1

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

Table II.Q1

1. Sales of goods are generally defined as sales of outputs that are tangible.

2. Sales of services are generally defined as sales of outputs that are intangible.

3. Consists of investment income that is included in “sales or gross operating revenues” in the income statement. In finance and insurance, companies include investment income in sales because it is generated by a primary activity of the company. In other industries, most companies consider investment income an incidental revenue

source; this income is included in the income statement in a separate “other income” category, but it is not included in the company’s sales or in this column.

Table II.Q2

1. For industry classification, each U.S. parent was required to disaggregate its sales by four-digit International Surveys Industry code; the U.S. parent was then classified in the industry in which its sales were largest (for details, see “Methodology”). When sales are disaggregated by industry of U.S. parent, total sales of a given U.S. parent are shown in the industry in which the parent was classified. When sales are disaggregated by industry of sales, they are distributed among all the industries in which the U.S. parent reported sales; that is, sales associated with each industry of sales are shown in that industry regardless of the U.S. parent’s industry of classification.

2. Includes sales in all unspecified industries.

Table II.R1

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

2. Equals interest payments, plus imputed interest paid, minus interest receipts, minus imputed interest received. Imputed interest paid and received, which correspond to measures of the value of services provided by life insurance carriers and financial intermediaries without explicit payment, are estimated.

3. Equals taxes other than income and payroll taxes plus production royalty payments to governments.

Table II.S1

1. These broad occupational classes are based on the 2000 Standard Occupational Classification system.

Table II.S2

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

ent was then classified in the industry in which its sales were largest (for details, see “Methodology”). When employment is disaggregated by industry of U.S. parent, total employment of a given U.S. parent is shown in the single industry in which the parent was classified. When employment is disaggregated by industry of sales, it is distributed among all the industries in which the U.S. parent reported sales; that is, the number of employees associated with each industry of sales are shown in that industry regardless of the U.S. parent’s industry of classification.

2. Includes employment in all unspecified industries and employment in central administrative offices or headquarters.

Table II.T1

1. Covers only U.S. parents in which there is direct investment by a foreign person—that is, U.S. parents that are owned 10 percent or more by a single foreign person. The foreign parent is the foreign person that holds a direct investment interest in the U.S. parent. The foreign parent group consists of (1) the foreign parent of a U.S. parent, (2) any foreign person, proceeding up the foreign parent’s ownership chain, that owns more than 50 percent of the person below it, 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.

2. Does not equal the total in column 3, which is derived from data reported on affiliates’ forms, because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents’ forms but exempt from being reported on affiliates’ forms.

Table II.T1

1. Covers only U.S. parents in which there is direct investment by a foreign person—that is, U.S. parents that are owned 10 percent or more by a single foreign person. The foreign parent is the foreign person that holds a direct investment interest in the U.S. parent. The foreign parent group consists of (1) the foreign parent of a U.S. parent, (2) any foreign person, proceeding up the foreign parent’s ownership chain, that owns more than 50 percent of the person below it, 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.

2. Does not equal the total in column 3, which is derived from data reported on affiliates' forms, because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents' forms but exempt from being reported on affiliates' forms.

Table II.T2

1. Covers only U.S. parents in which there is direct investment by a foreign person—that is, U.S. parents that are owned 10 percent or more by a single foreign person. The foreign parent is the foreign person that holds a direct investment interest in the U.S. parent. The foreign parent group consists of (1) the foreign parent of a U.S. parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, 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.

2. Does not equal the total in column 3, which is derived from data reported on affiliates' forms, because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents' forms but exempt from being reported on affiliates' forms.

Table II.V1

1. Includes interest received from affiliates.
2. Includes interest paid to affiliates, plus withholding taxes on such interest.
3. Includes payments to federal, state, and local governments for natural resources.
4. Includes sales, consumption, and excise taxes; property and other taxes on the value of assets and capital; and any remaining taxes (other than income and payroll taxes). Also includes all payments of nontax liabilities (other than production royalty payments), such as import and export duties, license fees, fines, penalties, and similar items.

Tables II.W1 and II.W3

1. Consists of common and preferred stock of affiliates owned by U.S. parents, plus U.S. parents' equity in additional paid-in capital. Also includes U.S. parents' total equity in those unincorporated affiliates for which detail on equity by type could not be provided, less translation adjustments.
2. U.S. parents' equity in retained earnings.

3. Consists of the U.S. parents' share in the cumulative amount of capital gains and losses associated with currency-translation adjustments—that is, gains and losses that arise because of changes in the exchange rates that are applied in translating affiliates' assets and liabilities from their functional currencies into U.S. dollars from the end of one accounting period to the next, treasury stock and involuntarily (or legally) restricted earnings, and other comprehensive income and losses.

Table II.X1

1. A net increase in U.S. parents' equity in affiliates is a capital outflow; a net decrease is a capital inflow.
2. Equals earnings (that is, the U.S. parents' share in the earnings of their foreign affiliates) less distributed earnings (that is, earnings distributed to U.S. parents before deduction of foreign withholding taxes).
3. An increase in U.S. parents' payables is a decrease in net intercompany debt and a capital inflow.
4. Represents gains or losses that arise because of changes from the end of one accounting period to the next in exchange rates applied in translating affiliates' assets and liabilities from foreign currencies into dollars.
5. The data on this line pertain to the 25 countries that composed the European Union as of May 1, 2004.

Tables II.Y1 and II.Y3

1. Excludes capital gains and losses. As presented here, is not adjusted to reflect current-period prices. Prior to being entered into the international transactions accounts, adjustments to reflect current-period prices are made to direct investment income on a global basis only. These adjustments do not appear in the direct investment income tables that are disaggregated by country or by industry.
2. U.S. parents' shares in the net income of their affiliates, before deduction of foreign withholding taxes on distributed earnings.
3. Earnings distributed to U.S. parents before deduction of foreign withholding taxes.
4. Interest received by or credited to U.S. parents on debt owed to them by their affiliates, less interest paid or credited by U.S. parents on debt owed

by them to their affiliates, both before deduction of (foreign or U.S.) withholding taxes.

Table II.Z1

1. Receipts are before deduction of foreign withholding taxes.

2. Payments are before deduction of U.S. withholding taxes.

Table II.Z3

1. Receipts are before deduction of foreign withholding taxes.

2. Consists of receipts for services—such as management, professional, or technical services—rendered between U.S. parents and their foreign affiliates, whether in the form of sales of services or reimbursements. Sales of services are receipts for services rendered that are normally included in sales in the income statement of the seller. Reimbursements are receipts for services rendered that are normally included in “other income” in the income statement of the provider of the service.

3. Payments are before deduction of U.S. withholding taxes.

Table II.Z6

1. Consists of receipts for services—such as management, professional, or technical services—rendered between U.S. parents and their foreign affiliates, whether in the form of sales of services or reimbursements. Sales of services are receipts for services rendered that are normally included in sales in the income statement of the seller. Reimbursements are receipts for services rendered that are normally included in “other income” in the income statement of the provider of the service.

2. Receipts are before deduction of foreign withholding taxes. Payments are before deduction of U.S. withholding taxes.

Tables III.A1 and III.A2

1. The number of affiliates and parents shown in this table exclude affiliates that were exempt from reporting a survey form in the benchmark survey, and parents that had only exempt affiliates, even though estimates for such affiliates and parents are included in the data for other items (see text).

Tables III.B1, III.B3, and III.B11

1. Before allowance for doubtful accounts.

Tables III.B2, III.B4, and III.B12

1. Includes common and preferred stock and additional paid-in-capital, less treasury stock. Also includes total equity in unincorporated affiliates for which detail on equity by type could not be provided.

2. Includes retained earnings and other reserves.

3. Consists of the cumulative amount of capital gains and losses associated with currency-translation adjustments—that is, gains and losses that arise because of changes in the exchange rates that are applied in translating affiliates’ assets and liabilities from their functional currencies into U.S. dollars from the end of one accounting period to the next, treasury stock and involuntarily (or legally) restricted earnings, and other comprehensive income.

Table III.D1

1. Includes the net book value of “transfers in” of property, plant, and equipment. For a given affiliate, “transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

2. Includes restatements resulting from a change in the entity, and revaluations of property, plant, and equipment to a fair market or appraised value.

3. A total for the European Union (25) is not shown for 2003 because the enlargement of the European Union, from 15 to 25 countries, occurred in 2004.

Tables III.D2 and III.D3

1. Includes the net book value of “transfers in” of property, plant, and equipment. For a given affiliate, “transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

Includes restatements resulting from a change in the entity, and revaluations of property, plant, and equipment to a fair market or appraised value.

Tables III.D4 and III.D5

1. Includes the net book value of “transfers in” of property, plant, and equipment. For a given affiliate, “transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

2. For table III.D4, column 2 equals column 3 of

table III.D1; for table III.D5, column 2 equals column 3 of table III.D2.

Tables III.D6, III.D7, and III.D8

1. Includes the net book value of “transfers in” of property, plant, and equipment. For a given affiliate, “transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

Tables III.E1, III.E2, and III.E8

1. Consists of gains or losses resulting from the sale or other disposition of assets, changes in the dollar value of foreign affiliates’ assets and liabilities denominated in foreign currencies other than the affiliate’s functional currency that are caused by changes in exchange rates, transaction gains or losses taken to income in accordance with Financial Accounting Standards Board Statement No. 52, and all other unusual or nonrecurring gains or losses, including those resulting from the revaluation of assets, whether realized or not.

Table III.F1

1. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

2. Sales charged by an affiliate to persons in the country where the affiliate is located.

3. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.

4. Sales of goods are generally defined as sales of outputs that are tangible.

5. Sales of services are generally defined as sales of outputs that are intangible.

6. Consists of investment income that is included in “sales or gross operating revenues” in the income statement. In finance and insurance, companies include investment income in sales because it is generated by a primary activity of the company. In other industries, most companies consider investment income an incidental revenue source; this income is included in the income statement in a separate “other income” category, but it is not included in the company’s sales or in this row.

Tables III.F2 and III.F3

1. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

2. Sales charged by an affiliate to persons in the country where the affiliate is located.

3. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.

Table III.F7

1. Sales charged by an affiliate to persons in the country where the affiliate is located.

Table III.F9

1. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

2. Sales charged by an affiliate to persons in the country where the affiliate is located.

3. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.

Tables III.F13 and III.F14

1. Sales of goods are generally defined as sales of outputs that are tangible.

2. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

3. Sales charged by an affiliate to persons in the country where the affiliate is located.

4. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.

Tables III.F15 and III.F16

1. Sales of services are generally defined as sales of outputs that are intangible.

2. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

3. Sales charged by an affiliate to persons in the country where the affiliate is located.

4. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.

Tables III.F17, III.F18, III.F19, and III.F20

1. Sales of services are generally defined as sales of outputs that are intangible.

Table III.F21

1. Sales of goods are generally defined as sales of outputs that are tangible.

2. Sales of services are generally defined as sales of outputs that are intangible.

3. Consists of investment income that is included in “sales or gross operating revenues” in the income statement. In finance and insurance,

companies include investment income in sales because it is generated by a primary activity of the company. In other industries, most companies consider investment income an incidental revenue source; this income is included in the income statement in a separate “other income” category, but it is not included in the company’s sales or in these columns.

Table III.F22

1. For industry classification, each foreign affiliate was required to disaggregate its sales by four-digit International Surveys Industry code; the foreign affiliate was then classified in the industry in which its sales were largest (for details, see “Methodology”). When sales are disaggregated by industry of affiliate, total sales of a given foreign affiliate are shown in the industry in which the affiliate was classified. When sales are disaggregated by industry of sales, they are distributed among all the industries in which the foreign affiliate reported sales; that is, sales associated with each industry of sales are shown in that industry regardless of the foreign affiliate’s industry of classification.

Tables III.G1, III.G2, and III.G5

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

2. Equals interest payments, plus imputed interest paid, minus interest receipts, minus imputed interest received. Imputed interest paid and received, which correspond to measures of the value of services provided by life insurance carriers and financial intermediaries without explicit payment, are estimated.

3. Equals taxes other than income and payroll taxes plus production royalty payments to governments.

Table III.G7, III.G8, and III.G9

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of income taxes, excludes capital gains and losses and income from

equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

Tables III.H1, III.H2, and III.H9

1. These broad occupational classes are based on the 2000 Standard Occupational Classification system.

Tables III.I6, III.I7, and III.I10

1. Capital goods and other equipment charged to the fixed asset account.

Tables III.J1, III.J2, and III.J5

1. Amounts shown in this column are on the same basis as research and development expenditures totals for all U.S. businesses shown in National Science Foundation publications.

Tables III.J7, III.J8, and III.J10

1. Equals column 3, table III.Z1.
2. Equals column 2, table III.Z1.

Table III.W1

1. Consists of common and preferred stock of affiliates owned by U.S. parents, plus U.S. parents’ equity in additional paid-in capital. Also includes U.S. parents’ total equity in those unincorporated affiliates for which detail on equity by type could not be provided, less translation adjustments.

2. U.S. parents’ equity in retained earnings.

3. Consists of the U.S. parents’ share in the cumulative amount of capital gains and losses associated with currency-translation adjustments—that is, gains and losses that arise because of changes in the exchange rates that are applied in translating affiliates’ assets and liabilities from their functional currencies into U.S. dollars from the end of one accounting period to the next, treasury stock and involuntarily (or legally) restricted earnings, and other comprehensive income and losses.

Table III.X1

1. A net increase in U.S. parents’ equity in affiliates is a U.S. capital outflow; a net decrease is a U.S. capital inflow.

2. Equals earnings (that is, the U.S. parents’ share in the earnings of their foreign affiliates) less

distributed earnings (that is, earnings distributed to U.S. parents before deduction of foreign withholding taxes).

3. An increase in U.S. parents' payables is a decrease in net intercompany debt and a U.S. capital inflow.

4. Represents gains or losses that arise because of changes from the end of one accounting period to the next in exchange rates applied in translating affiliates' assets and liabilities from foreign currencies into dollars.

5. The data on this line pertain to the 25 countries that composed the European Union as of May 1, 2004.

Table III.Y1

1. Excludes capital gains and losses. As presented here, is not adjusted to reflect current-period prices. Prior to being entered into the international transactions accounts, adjustments to reflect current-period prices are made to direct investment income on a global basis only. These adjustments do not appear in the direct investment income tables that are disaggregated by country or by industry.

2. U.S. parents' shares in the net income of their affiliates, before deduction of foreign withholding taxes on distributed earnings.

3. Earnings distributed to U.S. parents before deduction of foreign withholding taxes.

4. Interest received by or credited to U.S. parents on debt owed to them by their affiliates, less interest paid or credited by U.S. parents on debt owed by them to their affiliates, both before deduction of (foreign or U.S.) withholding taxes.

Table III.Z1

1. Receipts are before deduction of foreign withholding taxes.

2. Payments are before deduction of U.S. withholding taxes.

Table III.Z3

1. Receipts are before deduction of foreign withholding taxes.

2. Consists of receipts for services—such as management, professional, or technical services—rendered between U.S. parents and their foreign affiliates, whether in the form of sales of services or reimbursements. Sales of services are receipts for services rendered that are normally included in sales in the income statement of the seller. Reimbursements are receipts for services rendered that are normally included in “other income” in the income statement of the provider of the service.

3. Payments are before deduction of U.S. withholding taxes.

Table V.F2

1. Total sales by bank affiliates include interest and dividend receipts, trading income from buying and reselling financial instruments, and explicit fees and commissions received for services rendered.

2. Sales charged by an affiliate to persons in the country where the affiliate is located.

3. Sales charged by an affiliate to persons in foreign countries other than the country where the affiliate is located.