



U.S. Direct Investment Abroad

The Bureau of Economic Analysis (BEA) produces comprehensive statistics on U.S. direct investment abroad that are essential to the compilation of the U.S. economic accounts and for the analysis of multinational companies (MNCs). The statistics, which are widely recognized to be the world's most complete and accurate, are obtained from mandatory surveys.

U.S. direct investment abroad is defined as ownership by a U.S. investor of at least 10 percent of a foreign business. The direct investor is known as a *U.S. parent*, and the U.S.-owned foreign business is known as a *foreign affiliate*. The combined global operations of a U.S. parent company and its foreign affiliates constitute a U.S. MNC.

BEA publishes two broad sets of statistics on U.S. direct investment abroad: (1) International transactions and direct investment position statistics, and (2) financial and operating statistics on U.S. MNCs. Both sets are derived from data collected on surveys of U.S. MNCs conducted by BEA and are available in considerable detail by industry and by country.

International transactions and direct investment position statistics

International transactions statistics cover the foreign affiliates' transactions with their U.S. parents, so these statistics focus on the U.S. parent's share, or interest, in its affiliates rather than on the affiliates' overall size or level of operations. These statistics are essential to the compilation of the U.S. international transactions accounts, the international investment position (IIP), and the national income and product accounts. The major items include capital flows, which measure the funds that U.S. parents provide to their foreign affiliates, and income, which measures the return on those funds. All of these items are

flows and provide measurement for a particular time frame, such as for a quarter or for a year.

Direct investment position statistics are stocks and are cumulative; they measure the total outstanding level of U.S. direct investment abroad at yearend. Direct investment is recorded in the IIP at current cost and supplemental information is provided both at historical cost and at market value. For the historical-cost statistics, tables are published by country and by industry.

Financial and operating statistics

Financial and operating statistics provide a picture of the overall activities of foreign affiliates and U.S. parent companies using a wide variety of indicators of their financial structure and operations. The statistics on foreign affiliates cover the entire operations of the affiliate, irrespective of the percentage of U.S. ownership. These statistics cover items that are needed in analyzing the characteristics, performance, and economic impact of MNCs, such as sales, value added, employment and compensation of employees, capital expenditures, exports and imports, and research and development expenditures. Separate tabulations are available for affiliates that are majority-owned by their U.S. parent because the concept of majority control is often important in the analysis of MNCs.

Uses of the statistics

The statistics can be used to measure the scale of the global business activity of U.S. MNCs and its impact on the U.S. economy and on foreign host economies. For example, the statistics can be used to measure:

- The current-dollar value of, and returns on, U.S. direct investment abroad

- The shares of U.S. and foreign gross domestic product, employment, exports and imports of goods, capital stock, and research and development accounted for by U.S. MNCs

Researchers have used the statistics to analyze:

- The characteristics of firms, industries, and countries that influence the decision to undertake direct investment abroad
- The impact of U.S. direct investment abroad on employment, wages, productivity, and tax revenues

For more information

For more information, see the following articles that appear annually in the SURVEY OF CURRENT BUSINESS, the monthly journal of BEA:

- "U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows," in the September issue of the SURVEY

- "Direct Investment Positions: Country and Industry Detail," in the July issue of the SURVEY
- "U.S. Multinational Companies: Operations" usually in the November issues of the SURVEY (In 2009, this article will appear in the August issue)

The SURVEY articles referenced above are available on the BEA Web site at www.bea.gov.

Time series on the operations of U.S. MNCs can be viewed and downloaded as a comma separated value (.csv) file or spreadsheet through our [interactive tables](#).

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