

U.S. Affiliates of Foreign Companies

Operations in 2004

By Thomas W. Anderson and William J. Zeile

ACCORDING to preliminary results from the Bureau of Economic Analysis' latest annual survey of foreign direct investment in the United States, growth in the current-dollar value added of majority-owned nonbank U.S. affiliates of foreign companies increased substantially in 2004. The growth was largely due to expansions in existing operations and was in line with stepped-up growth in the overall U.S. economy. The growth in value added would have been even larger

had it not been for a number of foreign selloffs of U.S. companies. In contrast to the growth in value added and in the face of a modest increase in U.S. private-industry employment, employment by affiliates declined. The decline, which was the fourth consecutive annual decline in employment by U.S. affiliates, mainly reflected the fact that most of the selloffs were of relatively labor intensive operations.

In 2004, the current-dollar value added of majority-owned nonbank affiliates ("U.S. affiliates") increased 8 percent, from \$475 billion to \$515 billion, following a 3-percent increase in 2003 (table 1).¹ In comparison, total U.S. current-dollar value added in nonbank private industries increased 7 percent, following a 5-percent increase in 2003. As a result, the affiliate share of value added in private industries remained flat in 2004, at 5.7 percent, slightly below the 5.9-percent peak reached in 2000 (chart 1).

Table 1. Value Added and Employment of Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988–2004

	Value added		Employment	
	Millions of dollars	As a percentage of U.S. private industry value added	Thousands of workers	As a percentage of U.S. private industry employment
1988	146,424	3.8	3,119.0	3.5
1989	168,547	4.0	3,573.4	3.9
1990	190,477	4.3	3,841.7	4.2
1991	207,126	4.6	3,991.3	4.4
1992	214,781	4.5	3,903.9	4.3
1993	223,008	4.4	3,851.7	4.1
1994	244,690	4.5	3,954.0	4.1
1995	254,938	4.5	4,022.6	4.0
1996	283,422	4.7	4,155.6	4.1
1997	313,655	4.9	4,269.1	4.1
1998	353,860	5.2	4,669.5	4.3
1999	397,295	5.6	5,064.3	4.6
2000	447,287	5.9	5,656.5	5.0
2001	417,122	5.4	5,594.3	4.9
2002	460,609	5.8	5,425.4	4.9
2003 ^r	475,062	5.7	5,244.4	4.7
2004 ^p	514,957	5.7	5,116.4	4.5
Percent change from preceding year				
1989	15.1	.....	14.6	.....
1990	13.0	.....	7.5	.....
1991	8.7	.....	3.9	.....
1992	3.7	.....	-2.2	.....
1993	3.8	.....	-1.3	.....
1994	9.7	.....	2.7	.....
1995	4.2	.....	1.7	.....
1996	11.2	.....	3.3	.....
1997	10.7	.....	2.7	.....
1998	12.8	.....	9.4	.....
1999	12.3	.....	8.5	.....
2000	12.6	.....	11.7	.....
2001	-6.7	.....	-1.1	.....
2002	10.4	.....	-3.0	.....
2003 ^r	3.1	.....	-3.3	.....
2004 ^p	8.4	.....	-2.4	.....

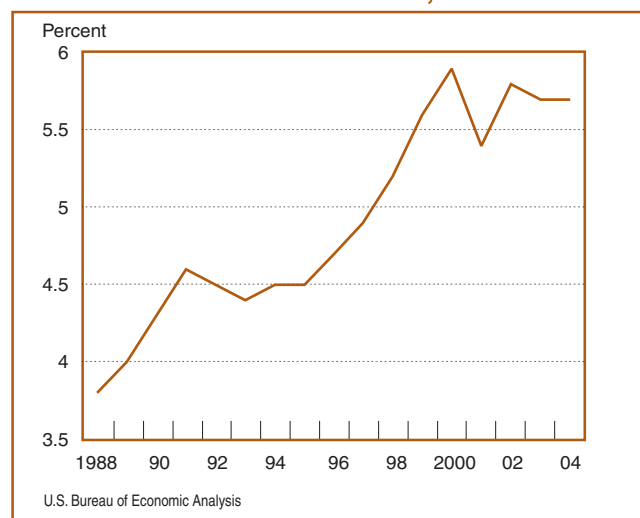
^p Preliminary
^r Revised

NOTE: For improved comparability with U.S.-affiliate value added, U.S. private industry value added was adjusted to exclude value added in depository institutions and private households, imputed rental income from owner-occupied housing, and business transfer payments. For the latest estimates of U.S. private industry value added, see Thomas F. Howells III and Kevin B. Barefoot, "Annual Industry Accounts: Advanced Estimates for 2005," SURVEY OF CURRENT BUSINESS 86 (May 2006): 11–24.

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

1. This article focuses on the operations of nonbank U.S. affiliates that are majority-owned by foreign direct investors. The Bureau of Economic Analysis (BEA) also collects annual data on the operations of nonbank U.S. affiliates that are owned 50 percent or less by foreign direct investors; however, beginning with the 2002 benchmark survey, the data for these affiliates are less extensive than the data for majority-owned affiliates. (Data on the operations of bank affiliates are collected only in benchmark survey years.) Selected data on the operations of all (majority-owned and minority-owned) nonbank U.S. affiliates are presented in tables that can be accessed on BEA's Web site at <www.bea.gov/bea/di/di1fdiop.htm>. In 2004, majority-owned nonbank U.S. affiliates accounted for 92 percent of the employment of all nonbank U.S. affiliates.

Chart 1. Majority-Owned Nonbank U.S.-Affiliate Share of Value Added in Private Industries, 1988–2004



As in 2002 and 2003, the increase in affiliate value added in 2004 was largely due to expansions in existing affiliate operations rather than to new foreign direct investment, which remained well below the levels reached in 1998–2001.² For existing affiliates, value-added growth in 2004 was particularly strong in the information, real estate, and manufacturing industries. Value added also increased substantially for several affiliates with operations in petroleum refining and petroleum wholesale trade, reflecting the effect of increased oil prices.

In contrast to the increase in value added, employment by affiliates continued to decline. In 2004, employment by affiliates fell 2 percent, following decreases of 1–3 percent in each of the years 2001–2003. However, total U.S. employment in

private industries increased 1 percent after decreasing 0.5 percent in 2003 and 1 percent in 2002. The affiliate share of private industry employment thus dropped, from 4.7 percent in 2003 to 4.5 percent in 2004, continuing a downtrend from a peak share of 5.0 percent in 2000.³

Much of the decrease in employment by affiliates in 2004 was the result of foreign selloffs of U.S. companies, including selloffs of subsidiary companies by U.S. affiliates that remained under foreign control.⁴ The decrease also reflected employment reductions associated with increased labor productivity in ongoing affiliate operations: Many of the affiliates that had large increases in value added in 2004 either reduced their employment or increased their employment only modestly.

2. Outlays by foreign direct investors to acquire or establish businesses in the United States, which exceeded \$200 billion in each year in 1998–2000, totaled less than \$90 billion in each of the years 2002–2004. The outlays for new investment had peaked at \$336 billion in 2000 before falling to \$147 billion in 2001; see Lawrence R. McNeil, “Foreign Direct Investment in the United States: New Investment in 2005,” *SURVEY OF CURRENT BUSINESS* 86 (June 2006): 32–39.

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

4. The negative effect of selloffs on affiliate value added was relatively small, because the companies that were sold off had relatively low value added per employee.

Key Terms

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

U.S. affiliate. A U.S. business enterprise in which there is foreign direct investment—that is, in which a single foreign person owns or controls, directly or indirectly, 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise. “Person” is broadly defined to include any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization and any government (including any corporation, institution, or other entity or instrumentality of a government). A “foreign person” is any person that resides outside the United States—that is, outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions.

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

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

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

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

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

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

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

The following are additional highlights of the operations of U.S. affiliates in 2004.

- By country of ownership, the United Kingdom remained the largest investing country in terms of affiliate value added, followed by Germany and Japan.
- By industrial sector, affiliates' shares of U.S. employment were highest in mining and in manufacturing. In 2004, affiliates' shares decreased in several manufacturing industries.
- By state, the affiliate share of employment was highest in South Carolina, followed by New Hampshire. In manufacturing, the affiliate share was highest in Delaware.
- Affiliates continued to account for large shares of U.S. exports and imports of goods (nearly 20 percent for exports and about 25 percent for imports); however, for both exports and imports, the affiliate shares dipped in 2004.

This article examines changes in the value added, employment, and trade in goods of U.S. affiliates of foreign companies in 2004, particularly as they relate to changes in the corresponding totals for the U.S. economy. For each of these measures, changes in affiliate operations are examined both in the aggregate and by major investing country. For value added, the changes are also examined by industry of affiliate, and for employment, the affiliate shares of the economy are

examined by industry and by state. Several additional measures of U.S.-affiliate operations are presented in tables at the end of this article.

Value Added

In 2004, the current-dollar value added of majority-owned nonbank U.S. affiliates increased 8 percent, from \$475 billion to \$515 billion. In comparison, total U.S. current-dollar value added in private nonbank industries increased 7 percent.⁵ The share of value added in private industries that was accounted for by affiliates remained unchanged, at 5.7 percent.

By country of ownership

In 2004, more than three-fourths of the value added of majority-owned nonbank U.S. affiliates was accounted for by affiliates with ultimate beneficial owners (UBOs) in seven major investing countries: Canada, France, Germany, Japan, the Netherlands, Switzerland, and the United Kingdom (table 2 and chart 2). As in every other year since 1977 (the initial year covered by

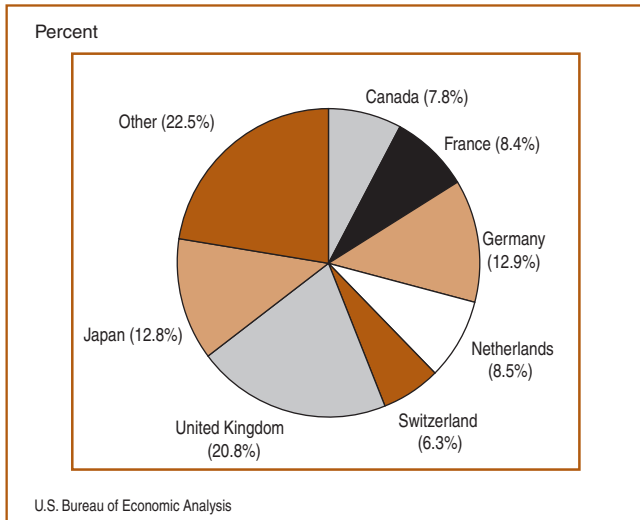
5. The rate of change in U.S. value added in private industries serves as a convenient benchmark against which the increase in U.S.-affiliate value added can be evaluated. However, the two growth rates are not strictly comparable, because the growth rate of U.S.-affiliate value added partly reflects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

Table 2. Value Added of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 1999–2004

	Millions of dollars						Percentage of all-countries total						Addendum: Percent change in affiliate value added, 2003–2004
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	
All countries	397,295	447,287	417,122	460,609	475,062	514,957	100.0	100.0	100.0	100.0	100.0	100.0	8.4
Canada	36,400	36,928	31,702	35,496	35,486	40,333	9.2	8.3	7.6	7.7	7.5	7.8	13.7
Europe	261,473	299,251	270,144	299,965	313,054	336,453	65.8	66.9	64.8	65.1	65.9	65.3	7.5
Belgium	5,177	5,526	5,925	6,997	6,927	7,895	1.3	1.2	1.4	1.5	1.5	1.5	14.0
Denmark	884	1,282	1,188	2,738	3,019	3,258	0.2	0.3	0.3	0.6	0.6	0.6	7.9
Finland	(D)	3,218	(D)	3,877	3,709	3,808	(D)	0.7	(D)	0.8	0.8	0.7	2.7
France	31,790	38,763	35,444	40,947	41,186	43,071	8.0	8.7	8.5	8.9	8.7	8.4	4.6
Germany	61,569	51,524	46,882	59,434	63,242	66,424	15.5	11.5	11.2	12.9	13.3	12.9	5.0
Ireland	(D)	(D)	3,109	3,291	3,226	3,654	(D)	(D)	0.7	0.7	0.7	0.7	13.3
Italy	4,149	4,765	4,665	5,824	5,380	6,181	1.0	1.1	1.1	1.3	1.1	1.2	14.9
Netherlands	31,482	43,745	36,188	39,102	43,327	43,775	7.9	9.8	8.7	8.5	9.1	8.5	1.0
Sweden	10,559	10,678	10,803	11,972	12,088	12,540	2.7	2.4	2.6	2.6	2.5	2.4	3.7
Switzerland	25,996	35,225	29,097	30,809	31,217	32,430	6.5	7.9	7.0	6.7	6.6	6.3	3.9
United Kingdom	80,391	98,282	89,151	90,124	94,230	107,220	20.2	22.0	21.4	19.6	19.8	20.8	13.8
Other	4,046	(D)	(D)	4,850	5,501	6,196	(D)	(D)	(D)	1.1	1.2	1.2	12.6
Latin America and Other Western Hemisphere	19,120	25,036	30,075	36,737	34,453	38,609	4.8	5.6	7.2	8.0	7.3	7.5	12.1
Bermuda	8,566	11,697	14,949	21,745	18,541	21,619	2.2	2.6	3.6	4.7	3.9	4.2	16.6
Mexico	1,447	2,746	2,660	3,299	2,964	3,167	0.4	0.6	0.6	0.7	0.6	0.6	6.9
United Kingdom Islands, Caribbean	1,577	1,658	2,022	1,995	2,487	2,200	0.4	0.4	0.5	0.4	0.5	0.4	-11.6
Venezuela	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Africa	1,211	1,051	(D)	981	916	1,101	0.3	0.2	(D)	0.2	0.2	0.2	20.3
Middle East	2,131	2,402	8,308	7,439	8,391	9,502	0.5	0.5	2.0	1.6	1.8	1.8	13.2
Saudi Arabia	500	328	6,307	5,105	5,615	6,428	0.1	0.1	1.5	1.1	1.2	1.2	14.5
Other	1,631	2,074	2,000	2,334	2,776	3,073	0.4	0.5	0.5	0.5	0.6	0.6	10.7
Asia and Pacific	71,836	77,594	69,960	74,947	77,155	83,322	18.1	17.3	16.8	16.3	16.2	16.2	8.0
Australia	7,216	6,109	6,224	6,565	8,121	9,462	1.8	1.4	1.5	1.4	1.7	1.8	16.5
Japan	57,622	63,622	57,735	61,099	62,168	66,054	14.5	14.2	13.8	13.3	13.1	12.8	6.3
Korea, Republic of	1,957	2,372	1,303	2,094	1,993	2,422	0.5	0.5	0.3	0.5	0.4	0.5	21.6
Other	5,041	5,491	4,698	5,188	4,873	5,383	1.3	1.2	1.1	1.1	1.0	1.0	10.5
United States	5,124	5,024	(D)	5,044	5,608	5,638	1.3	1.1	(D)	1.1	1.2	1.1	0.5

D Suppressed to avoid disclosure of data of individual companies.

Chart 2. Investing-Country Shares of Value Added of U.S. Affiliates, 2004



BEA's annual surveys of U.S.-affiliate operations), the largest investing country in terms of affiliate value added was the United Kingdom; in 2004, British-owned affiliates accounted for 21 percent of the value added of all majority-owned U.S. affiliates and for 1 percent of total U.S. value added in private industries. German- and Japanese-owned affiliates accounted for the next largest shares of affiliate value added (13 percent each).

For each of these seven countries, the value added of affiliates increased in 2004. The increases were most substantial for British- and Canadian-owned affiliates. Value added by British-owned affiliates increased 14 percent, to \$107 billion. The increase reflected stepped-up production by affiliates in manufacturing, finance, and wholesale trade and the entry into the U.S. market of new U.S. affiliates in manufacturing. The value added of Canadian-owned affiliates also increased 14 percent, reflecting both increases in production by existing affiliates and Canadian acquisitions of U.S. companies in mining and manufacturing. For affiliates of the other five countries, the growth in value added was relatively modest, ranging from 6 percent for Japanese-owned affiliates to 1 percent for Netherlands-owned affiliates. The very modest growth for Netherlands-owned affiliates was partly due to selloffs of affiliates.

Among other investing countries, value added increased substantially in 2004 for affiliates with UBOs in Korea (22 percent), Bermuda (17 percent), Australia (17 percent), and Italy (15 percent). The growth in value added of Korean-owned firms was mostly in the wholesale trade sector, especially in firms involved in imports and sales of electronic products and motor vehicles. The growth in value added of Australian-owned firms was mainly by existing affiliates in information

and manufacturing. The growth in value added of Italian-owned firms was largely due to expanded output at existing firms and the acquisition of affiliates in manufacturing. The growth in value added of Bermuda-owned affiliates was largely attributable to affiliates in information and manufacturing. The large presence in recent years of U.S. affiliates with UBOs in Bermuda is partly the result of inversions in ownership for multinational companies that had previously been headquartered in the United States.⁶

By industry of UBO

In 2004, as in 2003, more than half of the value added of majority-owned nonbank affiliates was accounted for by affiliates of UBOs that were manufacturing companies (table 3). Another third of the value added of affiliates was accounted for by affiliates of UBOs that were nonmanufacturing companies (mainly companies in wholesale and retail trade, information, mining, and finance). Affiliates of UBOs that were individuals, estates, or trusts accounted for 8 percent of affiliate value added, and affiliates of UBOs that were foreign governments or government-related entities (including government-owned enterprises) accounted for 3 percent of affiliate value added.

Government-owned affiliates. More than three-fourths of the value added of government-owned U.S. affiliates was accounted for by affiliates of four

6. A corporate inversion occurs when a U.S. multinational corporation forms a corporation, typically in a foreign low- or no-tax country, and simultaneously "inverts" the corporate chain of ownership, so that the new foreign corporation becomes the parent company and the U.S.-based company becomes its affiliate. The American Jobs Creation Act of 2004 eliminated tax incentives associated with some types of inversions, and probably partly as a consequence of the enactment of the act in October 2004, few corporate inversions subsequently occurred.

Table 3. Value Added of Majority-Owned Nonbank U.S. Affiliates by Industry of Ultimate Beneficial Owner, 2002–2004

	Millions of dollars			Percentage of all-industries total		
	2002	2003	2004	2002	2003	2004
All industries	460,609	475,062	514,957	100.0	100.0	100.0
Government and government-related entities	13,626	15,755	17,372	3.0	3.3	3.4
Government and government-owned enterprises.....	13,635	15,710	17,344	3.0	3.3	3.4
Pension funds—government run.....	-9	44	28	(*)	(*)	(*)
Individuals, estates, and trusts.....	39,619	42,400	42,647	8.6	8.9	8.3
Mining.....	16,121	19,597	22,699	3.5	4.1	4.4
Manufacturing.....	252,240	248,078	268,606	54.8	52.2	52.2
Wholesale and retail trade.....	31,483	32,433	34,131	6.8	6.8	6.6
Information.....	19,144	19,548	24,046	4.2	4.1	4.7
Depository institutions and bank holding companies.....	8,631	6,788	9,007	1.9	1.4	1.7
Finance (except depository institutions) and insurance.....	8,712	18,489	19,360	1.9	3.9	3.8
Professional, scientific, and technical services	13,076	13,726	13,575	2.8	2.9	2.6
Other.....	44,331	42,494	46,142	9.6	8.9	9.0

* Non-zero values between -0.05 and 0.05.

investing countries: Venezuela, Saudi Arabia, Germany, and France. The share of U.S. affiliate value added accounted for by government-owned affiliates varied widely among these four countries. In 2004, government-owned affiliates accounted for more than 90 percent of the value added of Venezuelan- and Saudi Arabian-owned U.S. affiliates.⁷ In contrast, government-owned affiliates accounted for less than 2 percent of the value added of German-owned affiliates and for less than 3 percent of the value added of French-owned affiliates. In the early 1990s—before the privatization of several leading French government-owned enterprises—the government-owned affiliate share of value added by French-owned U.S. affiliates had been much higher, exceeding 20 percent in each year in 1990–93.

By industry of affiliate

In 2004, the distribution of affiliate value added by major industry changed little.⁸ Affiliates in manufacturing continued to account for the largest share, 47 percent, which was little changed from the share in 2003 (table 4). Affiliates in wholesale trade, which includes several large affiliates with substantial secondary operations in manufacturing, accounted for the next largest share of

affiliate value added, 18 percent.⁹ About half of the growth in affiliate value added was accounted for by affiliates in manufacturing; affiliates in wholesale trade and information also accounted for a significant portion of the growth in 2004.

In manufacturing, affiliate value added increased 9 percent, about the same rate of growth as that for all industries. Within manufacturing, value added in primary metals more than doubled because of shifts in the industry classification of affiliates that had sales in multiple industries and increased value added by existing affiliates.¹⁰ Affiliate value-added growth was also high in beverages and tobacco products (17 percent) and petroleum and coal products (16 percent). In beverages and tobacco products, the increase was largely due to shifts in the industry classification of affiliates. In petroleum and coal products, the increase was largely due to higher oil prices. Growth in affiliate value added was also high in plastics and rubber products (12 percent) and nonmetallic mineral products (11 percent.).

Value added by affiliates fell substantially in fabricated metal products (19 percent) and in electrical

7. Government-owned affiliates also accounted for large shares of total value added for U.S. affiliates of a number of smaller investing countries, most notably China, Kuwait, and the United Arab Emirates.

8. Affiliates are classified on the basis of the 2002 revision of the North American Industry Classification System.

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

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

Table 4. Value Added of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 1999–2004

	Millions of dollars						Percentage of all-industries total						Addendum: Percent change in affiliate value added, 2003–2004
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	
All industries	397,295	447,287	417,122	460,609	475,062	514,957	100.0	100.0	100.0	100.0	100.0	100.0	8.4
Manufacturing	219,141	215,684	200,506	229,245	220,637	239,641	55.2	48.2	48.1	49.8	46.4	46.5	8.6
Food	10,095	10,710	10,832	14,303	9,268	9,991	2.5	2.4	2.6	3.1	2.0	1.9	7.8
Beverages and tobacco products	(D)	(D)	(D)	5,678	7,142	8,377	(D)	(D)	(D)	1.2	1.5	1.6	17.3
Petroleum and coal products	(D)	(D)	(D)	(D)	18,373	21,340	(D)	(D)	(D)	(D)	3.9	4.1	16.1
Chemicals	37,698	41,016	39,512	45,034	47,307	49,917	9.5	9.2	9.5	9.8	10.0	9.7	5.5
Plastics and rubber products	9,326	8,727	7,636	9,460	9,553	10,682	2.3	2.0	1.8	2.1	2.0	2.1	11.8
Nonmetallic mineral products	12,805	14,952	14,367	15,144	14,913	16,582	3.2	3.3	3.4	3.3	3.1	3.2	11.2
Primary metals	6,214	8,299	8,254	5,590	4,029	9,758	1.6	1.9	2.0	1.2	0.8	1.9	142.2
Fabricated metal products	6,561	7,279	6,382	7,390	7,767	6,285	1.7	1.6	1.5	1.6	1.6	1.2	-19.1
Machinery	13,803	18,382	19,077	21,055	19,712	21,136	3.5	4.1	4.6	4.6	4.1	4.1	7.2
Computers and electronic products	23,095	26,936	21,004	23,082	18,782	18,946	5.8	6.0	5.0	5.0	4.0	3.7	0.9
Electrical equipment, appliances, and components	10,011	16,359	12,536	4,481	5,235	4,894	2.5	3.7	3.0	1.0	1.1	1.0	-6.5
Transportation equipment	41,227	30,358	29,048	36,848	34,800	36,651	10.4	6.8	7.0	8.0	7.3	7.1	5.3
Other	(D)	(D)	(D)	(D)	23,755	25,081	(D)	(D)	(D)	(D)	5.0	4.9	5.6
Wholesale trade	55,536	81,413	81,462	75,657	86,568	92,485	14.0	18.2	19.5	16.4	18.2	18.0	6.8
Petroleum and petroleum products	5,427	(D)	(D)	27,138	30,290	33,147	1.4	(D)	(D)	5.9	6.4	6.4	9.4
Other	50,109	(D)	(D)	48,519	56,278	59,338	12.6	(D)	(D)	10.5	11.8	11.5	5.4
Retail trade	19,938	22,308	24,800	26,486	27,843	28,989	5.0	5.0	5.9	5.8	5.9	5.6	4.1
Information	18,841	19,427	8,247	24,297	26,049	30,975	4.7	4.3	2.0	5.3	5.5	6.0	18.9
Finance (except depository institutions) and insurance	21,029	34,730	17,305	15,216	22,961	24,957	5.3	7.8	4.1	3.3	4.8	4.8	8.7
Real estate and rental and leasing	9,302	9,323	9,502	9,647	9,928	10,965	2.3	2.1	2.3	2.1	2.1	2.1	10.5
Professional, scientific, and technical services	7,526	8,553	14,923	16,426	16,694	16,881	1.9	1.9	3.6	3.6	3.5	3.3	1.1
Other industries	45,983	55,848	60,377	63,634	64,383	70,062	11.6	12.5	14.5	13.8	13.6	13.6	8.8

D Suppressed to avoid disclosure of data of individual companies.

equipment, appliances, and components (7 percent). In both industries, the decrease was largely due to shifts in the industry classification of affiliates.

Outside of manufacturing, affiliate value added in information increased substantially (19 percent). This increase was due to strong growth in affiliate value added in the telecommunications industry, particularly by existing affiliates that were recovering from weak operations in previous years. Affiliate value added also increased substantially in the publishing industries, largely because of expansion by affiliates in book publishing. Growth in affiliate value added was also considerable in real estate and rental and leasing (10 percent).

Employment

In 2004, employment by majority-owned nonbank U.S. affiliates of foreign companies decreased 2 percent, from 5.2 million employees to 5.1 million employees (table 1). The decrease—the fourth in 4 years—followed decreases of 3 percent in 2003, 3 percent in 2002, and 1 percent in 2001. Total U.S. employment in private industries, which had decreased at a more modest pace in 2001–2003, increased 1 percent in 2004. As a result, the share of private industry employment accounted for by U.S. affiliates decreased from 4.7 percent in 2003 to 4.5 percent in 2004, continuing a downtrend from a peak share of 5.0 percent in 2000.

Data on Foreign Direct Investment in the United States

BEA collects three broad sets of data on foreign direct investment in the United States: (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 2005” in the June 2006 *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 2005,” “U.S. International Transactions: First Quarter of 2006,” and “Direct Investment Positions for 2005: Country and Industry Detail,” in the July 2006 *SURVEY*.

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

Financial and operating data of U.S. affiliates. The data on the overall operations of U.S. affiliates are collected in BEA’s annual and benchmark surveys of foreign direct investment. Benchmark surveys are BEA’s most

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

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

New investment data. The data on outlays by foreign direct investors to acquire or establish affiliates in the United States are collected on a calendar year basis in BEA’s annual survey of new foreign direct investment. 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 foreign direct investment. The data cover the U.S. affiliate’s transactions and positions with its foreign parent and with other members of its foreign parent group, so these data focus on the foreign parent’s share, or interest, in the affiliate rather than on the affiliate’s overall size or level of operations. The major items included in the U.S. international transactions (balance of payments) accounts are direct investment financial flows, direct investment income, royalties and license fees, and other services transactions with the foreign parent group.

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

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

By industry

Mining continued to account for the largest affiliate share of U.S. employment at the sector level, at 14.9 percent (table 5).¹¹ Affiliates also accounted for substantial shares of total U.S. employment in manufacturing (11.8 percent), wholesale trade (7.3 percent), and information (6.3 percent). Within manufacturing,

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

the largest shares were accounted for by affiliates in chemicals (28.2 percent), motor vehicles (24.0 percent), and nonmetallic mineral products (23.7 percent).

The affiliate share of U.S. employment in manufacturing decreased from 12.0 percent in 2003 to 11.8 percent in 2004, as the 3-percent fall in affiliate employment in manufacturing exceeded the 1-percent decrease in total U.S. manufacturing employment.

Within manufacturing, the affiliate share of U.S. employment fell in several industries, including food and beverages, printing and related support activities, petroleum and coal products, machinery, and motor vehicles. In food and beverage and tobacco products,

Table 5. Employment by Majority-Owned Nonbank U.S. Affiliates by Industry of Sales, 1999–2004

	Thousands of employees						Percentage of total U.S. employment in nonbank private industries ¹					
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
All industries²	5,064.3	5,656.5	5,594.3	5,425.4	5,244.4	5,116.4	4.6	5.0	4.9	4.9	4.7	4.5
Agriculture, forestry, fishing, and hunting.....	13.7	12.7	12.1	10.3	8.9	8.1	0.9	0.9	0.8	0.7	0.6	0.5
Mining, excluding oil and gas extraction.....	52.5	54.4	60.4	79.8	62.2	59.7	13.7	13.8	14.6	20.6	16.2	14.9
Utilities.....	6.9	24.8	19.7	31.6	33.7	31.4	1.1	4.1	3.3	5.3	5.8	5.5
Construction.....	67.5	69.6	79.8	81.5	82.2	81.0	1.0	1.0	1.1	1.2	1.2	1.1
Manufacturing³	2,059.6	2,139.1	1,956.7	1,844.1	1,769.4	1,707.6	11.8	12.2	11.7	11.9	12.0	11.8
Food and beverage and tobacco products.....	M	M	M	135.9	156.8	139.3	(D)	(D)	(D)	7.7	9.1	8.2
Textile mills and textile product mills.....	K	25.2	J	18.3	15.3	15.0	(D)	4.2	(D)	3.7	3.4	3.6
Apparel and leather and allied products.....	J	J	J	7.0	5.5	5.5	(D)	(D)	(D)	1.7	1.5	1.6
Wood products.....	11.4	19.7	19.9	17.9	12.0	12.5	1.8	3.1	3.4	3.1	2.2	2.2
Paper.....	K	K	K	41.7	46.0	45.8	(D)	(D)	(D)	7.7	8.9	9.3
Printing and related support activities.....	48.3	L	53.8	50.6	54.4	45.0	5.8	(D)	6.9	7.0	7.9	6.7
Petroleum and coal products ⁴	29.2	25.2	22.8	21.7	37.2	34.2	11.3	10.1	9.3	9.0	15.8	14.6
Chemicals.....	269.7	261.2	247.7	264.9	254.1	250.1	27.6	26.5	25.8	28.6	28.0	28.2
Plastics and rubber products.....	126.1	132.9	126.1	121.6	118.4	117.1	13.4	13.9	14.1	14.3	14.5	14.5
Nonmetallic mineral products.....	115.6	125.6	122.4	117.2	119.7	119.1	21.4	22.3	22.4	22.5	24.0	23.7
Primary metals.....	83.1	85.2	78.4	61.8	56.0	60.4	13.5	13.7	13.7	12.2	11.8	12.9
Fabricated metal products.....	99.8	108.7	112.5	103.4	90.0	91.8	5.8	6.1	6.7	6.7	6.1	6.1
Machinery.....	199.3	204.4	184.1	172.0	161.1	146.2	13.7	13.9	13.4	14.0	14.0	12.8
Computers and electronic products.....	262.0	286.9	240.6	198.1	154.1	150.4	14.9	15.8	13.7	13.2	11.4	11.4
Electrical equipment, appliances, and components.....	126.0	118.2	103.7	101.0	83.6	80.2	21.6	19.9	18.7	20.3	18.2	18.0
Motor vehicles, bodies and trailers, and parts.....	315.1	322.8	275.9	268.5	277.7	267.9	24.2	24.5	22.8	23.3	24.9	24.0
Other transportation equipment.....	37.4	46.1	48.1	47.2	45.0	48.7	4.9	6.2	6.7	7.0	7.0	7.5
Furniture and related products.....	15.3	15.1	15.1	11.5	11.2	12.5	2.3	2.2	2.3	1.9	1.9	2.2
Miscellaneous manufacturing.....	72.8	80.7	80.3	83.9	71.4	65.9	9.8	10.5	10.9	11.8	10.4	9.8
Wholesale trade.....	363.3	407.0	440.3	438.6	411.1	420.4	6.1	6.9	7.6	7.7	7.2	7.3
Retail trade.....	589.4	641.8	643.1	605.4	576.1	598.5	3.9	4.1	4.1	3.9	3.7	3.8
Transportation and warehousing.....	169.1	213.7	228.7	247.3	199.3	202.2	3.9	4.8	5.2	5.8	4.7	4.7
Information.....	205.8	212.6	196.1	206.4	215.0	198.1	6.1	5.8	5.4	6.1	6.7	6.3
Finance (except depository institutions) and insurance⁵	225.2	264.8	274.0	230.7	227.0	190.9	5.5	6.4	6.6	5.6	5.4	4.5
Finance, except depository institutions.....	91.6	M	142.6	100.9	109.4	86.8	5.1	(D)	7.7	5.4	5.7	4.5
Insurance carriers and related activities.....	133.6	M	131.4	129.8	117.6	104.1	5.9	(D)	5.8	5.7	5.1	4.5
Real estate and rental and leasing.....	49.3	43.2	42.9	38.8	37.6	39.1	2.4	2.1	2.0	1.8	1.8	1.8
Professional, scientific, and technical services.....	147.6	199.0	225.4	215.7	233.7	235.6	2.1	2.6	3.1	3.0	3.3	3.3
Management of nonbank companies and enterprises.....	1.8	2.0	2.2	3.1	3.0	3.6	0.1	0.1	0.1	0.2	0.2	0.2
Administration, support, and waste management.....	403.8	590.0	546.7	547.9	508.8	478.7	4.7	7.3	7.0	7.2	6.7	6.1
Educational services.....	I	I	7.6	5.0	5.9	6.5	(D)	(D)	0.3	0.2	0.2	0.2
Health care and social assistance.....	71.9	L	103.5	77.6	79.7	77.6	0.6	(D)	(D)	0.7	0.5	0.5
Arts, entertainment, and recreation.....	37.4	36.2	36.0	33.6	33.9	33.3	2.2	2.0	1.9	1.8	1.8	1.7
Accommodation and food services.....	255.1	M	324.8	326.1	333.3	321.3	2.6	(D)	3.2	3.2	3.2	3.0
Other services, except government.....	K	K	K	27.8	53.9	48.3	(D)	(D)	0.4	0.4	0.8	0.7
Auxiliaries.....	271.0	289.3	326.6	313.6	331.4	322.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unspecified ⁵	21.8	40.9	28.3	34.6	40.4	50.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

D Suppressed to avoid disclosure of data of individual companies.

n.a. Not applicable

1. The data on U.S. employment in private industries that were used in calculating these percentages are classified by industry of establishment. They are from table 6.4D of the "National Income and Product Account (NIPA) Tables." The total for U.S. employment in nonbank private industries is equal to employment in private industries less the employment of depository institutions and private households. The U.S. private-industry employment totals used to calculate the affiliate shares in "all industries" in this table differ from the U.S. employment totals used to calculate affiliate shares in table 6; the latter are from BEA's Regional Economic Information System. The estimates in table 6, unlike those used for this table, include employment in depository institutions. In addition, the estimates for table 6, 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 7. 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 7, 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 7.

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

5. 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 1999–2001 and greater than \$125 million in 2002–2004) 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.

the share decreased from 9.1 percent to 8.2 percent, as affiliate employment decreased substantially because of foreign owners selling their interests in U.S. affiliates to U.S.-owned companies and because of employment reductions in other affiliates. In printing and related support activities, the affiliate share fell from 7.9 percent to 6.7 percent, as affiliate employment fell sharply because of selloffs of affiliates, which more than offset the growth in employment for affiliates that were foreign-owned in both years.

The affiliate share of U.S. employment in petroleum and coal products manufacturing fell from 15.8 percent to 14.6 percent. Total U.S. employment in this industry was unchanged, but affiliate employment fell 8 percent, because of job cuts by existing affiliates. Similarly, in machinery manufacturing, the affiliate share of employment fell from 14.0 percent to 12.8 percent. Total U.S. employment in this industry decreased only slightly, but affiliate employment decreased 9 percent. In motor vehicles, bodies and trailers, and parts, the affiliate share of employment decreased from 24.9 percent to 24.0 percent. Total U.S. employment in this industry edged up slightly, but affiliate employment fell 4 percent in 2004, mainly as a result of reductions in employment at German- and Canadian-owned affiliates.

Among manufacturing industries, the largest increase in the affiliate share of U.S. employment was in

primary metals, from 11.8 percent to 12.9 percent. Affiliate employment in this industry increased 8 percent, spurred by both the entrance of new affiliates and increases in employment at existing affiliates. Total U.S. employment in this industry fell 2 percent.

Outside of manufacturing, the affiliate share of U.S. employment in finance (except depository institutions) and insurance fell from 5.4 percent to 4.5 percent, as affiliate employment fell 16 percent in the face of a small increase in total U.S. employment in this industry. Approximately two-thirds of the decrease in affiliate employment was in nondepository finance; the remaining third was in insurance. Affiliate employment in the utilities industry, which had risen dramatically from 1999 to 2002, fell 7 percent in 2004 because of reductions in employment at existing affiliates. The affiliate share of U.S. employment in this industry also fell, from 5.8 percent to 5.5 percent.

The affiliate share of employment in mining, which had reached a peak of 20.6 percent in 2002, decreased from 16.2 percent to 14.9 percent. Affiliate employment in mining decreased 4 percent, mainly because of selloffs, but total U.S. mining employment rose 5 percent.

By state

In 2004, as in 2003, South Carolina had the largest share of private employment accounted for by major-

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

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

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

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

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

1. The data for all U.S. businesses used to compute the affiliate shares of employment by NAICS industry are from the national income and product accounts (see table 5, 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* at <www.bea.gov/nea/ai/iidguide.htm#page15>. Similar data on a Standard Industrial Classification basis for 1987 and 1992 are also available. Data only for manufacturing industries are available for 1988–91. The data for foreign-owned establishments are analyzed in SURVEY articles at <www.bea.gov/nea/ai/iidguide.htm#page15>.

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 affiliate's employment is distributed by industry of sales, all of it would be classified in manufacturing, even though some of the employees work in an establishment in 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.

worked at German- or British-owned facilities. In South Carolina, German-owned affiliates accounted for the largest number of manufacturing employees, followed by affiliates with UBOs in Japan, France, the United Kingdom, and Sweden.

Total manufacturing employment by affiliates fell 93,200, or 6 percent. In absolute terms, the decrease was largest in Illinois, where manufacturing employment fell by nearly 9,000. The decrease was due both to selloffs of affiliates and to job cuts at existing affiliates. Mississippi was one of the few states to see an increase in manufacturing employment; manufacturing employment by majority-owned U.S. affiliates rose 3,800, an increase of more than 40 percent. The increase was due to the opening of new manufacturing facilities in the state.

Trade in Goods

Majority-owned U.S. affiliates of foreign-owned companies continued to account for large shares of total U.S. exports and imports of goods (nearly 20 percent of exports and about 25 percent of imports in 2004, down somewhat from the shares of exports and imports in earlier years) (table 8). 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 production and distribution ties to their foreign parents. Much of the trade in goods by affiliates—nearly 50 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 (see the box “Key Terms”). The intrafirm trade of majority-owned U.S. affiliates has generally accounted for 8–10 percent of U.S. exports and for 20–25 percent of U.S. imports.¹²

Since the early 1990s, imports by U.S. affiliates have usually been at least twice as high as their exports, and the gap in earlier years was even larger. This trade gap for affiliates is substantially more pronounced than the gap between total U.S. imports and exports. The gap for affiliates is largely accounted for by wholesale trade affiliates, many of which were established to facilitate the import 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.¹³

12. 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>.

13. Although wholesale trade affiliates have consistently accounted for a dominant share of the affiliate import-export gap, their shares of both affiliate exports and imports have declined since the late 1980s. Their share of affiliate exports declined from 66 percent in 1987 to 39 percent in 2004, and their share of affiliate imports declined from 78 percent in 1987 to 60 percent in 2004. One reason for this change is the reorientation of some wholesale trade affiliates from the import of manufactured goods for sale in the United States to the manufacture of goods at U.S. facilities.

Table 8. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates, 1987–2004

	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	140,510	64,572	335,021	267,291	20.3	9.3	28.8	23.0
2003 ^r	147,643	71,188	356,756	290,492	20.4	9.8	28.4	23.1
2004 ^p	153,902	73,941	378,111	307,111	18.8	9.0	25.7	20.9

^p Preliminary
^r Revised

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

Data Availability

This article summarizes the preliminary estimates from the 2004 annual survey of foreign direct investment in the United States. More detailed estimates will be posted this fall in files that can be downloaded at no charge from BEA's Web site at <www.bea.gov>. Revised estimates will be released next year.

Detailed estimates of U.S. affiliate operations for 1977–2003 are also available on 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/iidguide.htm>.

Exports

Exports of goods by majority-owned U.S. affiliates increased 4 percent in 2004, to \$154 billion, following a 5-percent increase in 2003. In comparison, total U.S. exports increased 13 percent, following a 5-percent increase. As a result, the share of all U.S. goods exports that was accounted for by foreign-owned firms in the United States fell from 20.4 percent to 18.8 percent. Most of the increase in affiliate exports was accounted for by affiliates in wholesale trade, especially chemical and allied products wholesalers. Exports by manufacturing affiliates also rose.

As in previous years, Japanese-owned affiliates accounted for the largest share of affiliate exports (28.8 percent) (table 9). Exports of goods by Japanese-owned affiliates rose 8 percent in 2004, and both wholesale trade and manufacturing contributed to the growth.

Exports by Korean-owned U.S. affiliates rose 40 percent, from \$5.2 billion in 2003 to \$7.3 billion in 2004, after rising almost 20 percent in 2003. As a result of these increases, Korean-owned affiliates became the fifth largest exporters among majority-owned U.S. affiliates in 2004; in 2002, they were ranked eighth. Most of the increase in 2004 was due to increases in overseas sales of computer chips, semiconductors, and telecommunications equipment.

Exports by British-owned affiliates also rose significantly, 8 percent, driven by increases in exports by affiliates in wholesale trade and in several other industries.

Exports by French-owned affiliates fell 4 percent in 2004, largely because of selloffs of a number of affiliates to U.S. purchasers.

Imports

Imports of goods by U.S. affiliates rose 6 percent in 2004, to \$378 billion, following a 6-percent increase in 2003. Total U.S. imports of goods, however, increased at the much faster pace of 17 percent (following an 8-percent increase), partly reflecting increased imports from countries for which U.S.-affiliate trade has accounted for a relatively small share of the total.¹⁴ As a result, the share of all U.S. imports accounted for by U.S. affiliates fell from 28.4 percent in 2003 to 25.7 percent in 2004.

By industry, the increase in imports was mainly accounted for by affiliates in wholesale trade, especially in electrical goods, petroleum, and motor vehicle wholesalers. Imports by affiliates in manufacturing and in mining also rose.

Imports by Japanese-owned affiliates rose 3 percent in 2004, to \$136.9 billion (table 9). Although their share of total affiliate imports continued to fall, Japa-

14. Data on U.S. imports of goods by supplying country indicate that about half of the increase in U.S. imports in 2004 was accounted for by three trading partners—Canada, Mexico, and China—for which the affiliate shares of U.S. imports have been consistently low relative to the affiliate share of total U.S. imports. Data on the origin of U.S.-affiliate imports, which were collected most recently in the 2002 benchmark survey, indicate that affiliates accounted for 18 percent of U.S. imports from Canada, 13 percent of U.S. imports from Mexico, and 3 percent of U.S. imports from China.

Table 9. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates by Selected Country of Ultimate Beneficial Owner, 1999–2004

	Millions of dollars						Percentage of all-countries total						Addendum: Percent change in affiliate exports or imports, 2003–2004
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	
U.S. exports shipped by affiliates:													
All countries	140,808	150,911	145,525	140,510	147,643	153,902	100.0	100.0	100.0	100.0	100.0	100.0	4.2
Canada	7,331	9,058	8,191	6,401	6,405	6,551	5.2	6.0	5.6	4.6	4.3	4.3	2.3
France	(D)	10,474	9,817	10,043	9,744	9,365	(D)	6.9	6.7	7.1	6.6	6.1	-3.9
Germany	30,655	31,430	29,298	30,351	32,326	32,343	21.8	20.8	20.1	21.6	21.9	21.0	0.1
Netherlands	4,914	(D)	(D)	5,022	5,068	5,406	3.5	(D)	(D)	3.6	3.4	3.5	6.7
Switzerland	5,475	5,931	5,947	5,998	4,941	5,052	3.9	3.9	4.1	4.3	3.3	3.3	2.3
United Kingdom	15,251	16,262	15,586	14,241	13,608	14,752	10.8	10.8	10.7	10.1	9.2	9.6	8.4
Japan	38,134	40,667	40,766	38,531	41,010	44,260	27.1	26.9	27.4	27.4	27.8	28.8	7.9
Korea, Republic of	(D)	(D)	(D)	4,368	5,205	7,295	(D)	(D)	(D)	3.1	3.5	4.7	40.1
Other	21,981	25,013	25,111	25,556	29,336	28,878	15.6	16.6	17.3	18.2	19.9	18.8	-1.6
U.S. imports shipped to affiliates:													
All countries	312,895	354,613	333,855	335,021	356,756	378,111	100.0	100.0	100.0	100.0	100.0	100.0	6.0
Canada	16,169	20,995	19,070	18,634	23,012	23,919	5.2	5.9	5.7	5.6	6.5	6.3	3.9
France	15,912	(D)	(D)	14,608	14,489	15,393	5.1	(D)	(D)	4.4	4.1	4.1	6.2
Germany	53,306	57,804	56,477	57,386	62,062	61,744	17.0	16.3	16.9	17.1	17.4	16.3	-0.5
Netherlands	15,903	(D)	16,227	14,817	14,893	15,266	5.1	(D)	4.9	4.4	4.2	4.0	2.5
Switzerland	7,126	8,416	8,010	8,438	9,173	9,735	2.3	2.4	2.4	2.5	2.6	2.6	6.1
United Kingdom	19,091	23,691	22,675	21,344	25,568	26,339	6.1	6.7	6.8	6.4	7.2	7.0	3.0
Japan	134,514	147,156	133,612	127,923	133,170	136,924	43.0	41.5	40.0	38.2	37.3	36.2	2.8
Korea, Republic of	(D)	(D)	(D)	19,966	22,081	28,632	(D)	(D)	(D)	6.0	6.2	7.6	29.7
Other	(D)	45,673	47,507	51,905	52,307	60,161	(D)	12.9	14.2	15.5	14.7	15.9	15.0

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

NOTE: Affiliates of the eight countries listed in this table accounted for the largest shares of affiliate trade in each of the years 1999–2004.

nese-owned affiliates accounted for the largest share of affiliate imports (36.2 percent). The majority of imports by Japanese-owned affiliates were by wholesale trade affiliates, especially those that also have significant secondary operations in transportation equipment manufacturing. Imports by Japanese-owned affiliates were also substantial in manufacturing.

Imports by Korean-owned U.S. affiliates rose sharply, 30 percent, in 2004. The rise was due to increased imports of electronic goods and transportation equipment from the foreign parent group by their wholesale trade affiliates.

Imports by French-owned affiliates rose 6 percent in 2004, driven by increases in imports by existing manufacturing affiliates, especially in chemical and audio visual equipment.

Imports by German-owned affiliates fell slightly, to \$61.7 billion, as increases in imports by wholesale trade affiliates were more than offset by decreases in imports by affiliates in manufacturing and information. Despite the decline, German-owned affiliates remained the second largest importers.

Revisions

The estimates of U.S.-affiliate operations in 2004 presented in this article are preliminary. The estimates of employment, sales, and expenditures for property, plant, and equipment supersede the advance summary estimates for majority-owned affiliates that were released on April 20, 2006 (BEA news release 06-14). From the advance estimates to the preliminary estimates, the estimate of employment was revised up 0.8 percent, the estimate of sales was revised up 0.1 percent, and the estimate of expenditures was revised up 0.5 percent.

The final estimates of U.S.-affiliate operations in 2003 are also presented. The final estimates of

employment, sales, and expenditures for property, plant, and equipment supersede the updated estimates in the April news release and the preliminary estimates that were released in August 2005.¹⁵ From the estimates released in April to these final estimates, the estimate of employment was revised up 0.4 percent, the estimate of sales was revised up 0.1 percent, and the estimate of expenditures was revised down 0.5 percent. From the preliminary estimates to the final estimates, the estimate of employment was revised down 0.2 percent, the estimate of sales was revised down 0.7 percent, and the estimate of expenditures was revised down 0.1 percent.

15. See William J. Zeile, "U.S. Affiliates of Foreign Companies: Operations in 2003," *SURVEY* 85 (August 2005): 198-214.

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Tables 10.1-11.2 follow.

Table 10.2. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 2004

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All industries.....	5,539,810	1,060,181	108,149	2,303,543	68,101	514,957	324,523	5,116.4	153,902	378,111	29,900
Manufacturing.....	1,075,992	484,306	40,082	927,115	30,367	239,641	150,103	2,039.9	88,956	141,628	20,891
Food.....	46,641	19,784	1,593	50,718	-1,015	9,991	6,823	109.0	5,731	2,329	176
Beverages and tobacco products.....	35,329	8,665	871	24,767	3,565	8,377	3,263	43.4	850	1,739	60
Textiles, apparel, and leather products.....	(D)	2,864	173	4,055	33	1,366	1,024	20.0	435	378	27
Paper.....	21,173	17,690	1,035	17,288	-167	4,690	3,145	46.3	1,080	2,803	63
Printing and related support activities.....	7,039	4,160	160	7,224	293	3,297	2,201	35.8	272	334	(D)
Petroleum and coal products.....	(D)	(D)	2,675	(D)	(D)	21,340	4,776	32.5	(D)	7,528	(D)
Chemicals.....	259,269	103,371	6,365	179,413	12,371	49,917	30,154	299.2	17,600	22,844	10,045
Basic chemicals.....	26,051	29,372	1,239	24,593	284	6,777	4,005	39.4	4,238	2,105	595
Resins and synthetic rubber, fibers, and filaments.....	29,069	24,086	1,209	33,178	259	5,558	2,888	32.5	3,741	4,181	255
Pharmaceuticals and medicines.....	125,646	32,256	2,736	83,486	4,028	25,540	16,969	146.5	6,739	13,516	8,605
Soap, cleaning compounds, and toilet preparations.....	51,684	7,176	527	21,257	5,237	7,562	3,063	38.0	639	723	318
Other.....	26,820	10,482	654	16,900	2,564	4,481	3,229	42.7	2,242	2,320	273
Plastics and rubber products.....	30,480	20,956	1,451	36,257	287	10,682	7,848	127.7	3,300	5,309	423
Nonmetallic mineral products.....	63,121	48,306	2,787	47,052	1,596	16,582	9,732	155.8	1,653	1,529	201
Primary and fabricated metals.....	47,341	29,855	1,548	57,707	2,290	16,044	10,521	155.9	4,163	7,917	237
Primary metals.....	30,295	19,881	993	38,438	1,902	9,758	5,942	82.2	2,845	5,938	81
Fabricated metal products.....	17,046	9,974	555	19,269	389	6,285	4,580	73.7	1,318	1,979	157
Machinery.....	98,190	23,518	2,470	69,499	-983	21,136	17,863	239.2	8,637	7,878	1,547
Agriculture, construction, and mining machinery.....	41,955	4,511	512	16,597	1,308	3,990	2,968	36.5	3,136	1,918	220
Industrial machinery.....	8,388	2,653	199	8,597	-368	2,137	2,187	28.5	1,778	1,013	273
Other.....	47,847	16,353	1,759	44,306	-1,922	15,009	12,708	174.3	3,723	4,947	1,054
Computers and electronic products.....	80,269	27,762	2,640	70,893	821	18,946	13,878	163.8	(D)	18,753	3,279
Computers and peripheral equipment.....	3,574	1,814	(D)	5,277	-53	1,308	1,055	12.0	1,144	2,501	144
Communications equipment.....	26,444	5,981	484	12,750	-250	3,628	3,437	29.8	1,598	(D)	1,418
Semiconductors and other electronic components.....	15,626	9,304	616	13,534	288	3,853	1,951	32.4	3,973	3,136	369
Navigational, measuring, and other instruments.....	15,683	3,951	(D)	11,932	-141	5,033	3,914	54.6	1,708	1,004	1,254
Other.....	18,941	6,711	545	27,401	976	5,124	3,521	34.9	(D)	(D)	94
Electrical equipment, appliances, and components.....	22,839	8,323	1,386	18,955	213	4,894	3,662	70.8	2,108	2,093	238
Transportation equipment.....	240,107	109,684	13,594	214,749	3,973	36,651	25,183	375.9	27,380	55,703	3,728
Motor vehicles, bodies and trailers, and parts.....	220,537	104,708	13,230	196,890	3,785	32,165	21,540	328.1	25,370	53,276	3,307
Other.....	19,570	4,976	364	17,859	188	4,486	3,642	47.8	2,010	2,427	421
Other.....	63,550	(D)	1,332	(D)	(D)	15,728	10,030	164.5	4,285	4,492	666
Wholesale trade.....	469,393	197,837	26,077	719,566	20,935	92,485	41,018	528.4	60,107	225,944	6,113
Motor vehicles and motor vehicle parts and supplies.....	115,403	58,643	14,407	145,378	4,528	13,239	5,931	68.4	8,681	73,473	527
Electrical goods.....	36,096	10,166	720	71,794	667	8,943	6,569	77.1	9,105	37,193	1,536
Petroleum and petroleum products.....	140,640	(D)	(D)	228,846	8,835	33,147	4,989	48.5	8,339	31,659	(D)
Other.....	177,254	(D)	(D)	275,547	6,905	37,157	23,529	334.5	33,982	83,620	(D)
Retail trade.....	61,116	41,960	4,814	129,662	495	28,989	17,550	613.6	212	4,187	(D)
Food and beverage stores.....	37,908	31,403	3,397	93,101	47	20,396	12,791	437.3	0	(D)	0
Other.....	23,208	10,557	1,417	36,561	447	8,593	4,759	176.3	212	(D)	(D)
Information.....	266,387	40,971	5,488	84,391	1,870	30,975	18,369	220.0	988	624	898
Publishing industries.....	77,519	6,034	716	27,738	133	11,801	8,439	95.2	674	160	591
Motion picture and sound recording industries.....	46,286	2,550	326	11,118	310	2,421	1,322	15.4	(D)	(D)	(*)
Telecommunications.....	62,945	23,504	3,435	19,719	-243	6,327	2,536	37.5	1	(D)	(D)
Other.....	79,638	8,883	1,010	25,816	1,671	10,426	6,073	72.0	(D)	(D)	(D)
Finance (except depository institutions) and insurance... ..	3,046,258	28,070	5,053	172,743	6,986	24,957	32,022	200.7	0	0	10
Finance, except depository institutions.....	1,918,293	16,190	3,716	60,967	4,222	12,791	18,734	81.7	0	0	10
Insurance carriers and related activities.....	1,127,965	11,880	1,337	111,776	2,765	12,166	13,288	119.0	0	0	0
Real estate and rental and leasing.....	91,511	75,167	6,584	21,350	1,953	10,965	2,378	38.5	(D)	418	6
Real estate.....	75,670	66,516	4,845	15,535	1,850	8,557	1,345	21.5	0	2	(*)
Rental and leasing (except real estate).....	15,841	8,651	1,740	5,815	103	2,408	1,033	17.1	(D)	416	6
Professional, scientific, and technical services.....	70,403	10,240	1,044	52,078	1,292	16,881	14,017	171.4	(D)	279	1,442
Architectural, engineering, and related services.....	9,461	2,064	174	6,339	-350	2,292	2,321	36.2	(D)	(D)	68
Computer systems design and related services.....	10,489	3,141	337	12,676	-276	6,760	5,963	63.9	14	79	266
Management, scientific, and technical consulting.....	11,540	318	37	1,744	1,047	831	604	6.6	0	0	0
Other.....	38,914	4,718	496	31,318	871	6,998	5,129	64.7	(D)	(D)	1,108
Other industries.....	458,749	181,630	19,005	196,639	4,203	70,062	49,067	1,303.9	3,125	5,031	(D)
Agriculture, forestry, fishing, and hunting.....	4,039	2,784	260	2,119	17	663	411	7.7	298	83	61
Mining.....	67,909	43,389	5,277	23,850	1,197	11,173	4,512	59.8	2,587	1,526	341
Utilities.....	94,359	67,269	5,119	40,289	1,007	8,659	2,884	35.6	1	3,133	0
Construction.....	21,648	9,252	3,946	33,850	601	6,151	5,038	65.2	65	31	6
Transportation and warehousing.....	48,306	26,466	2,048	36,435	-93	11,461	9,369	205.1	53	(D)	(D)
Management of nonbank companies and enterprises.....	130,798	574	95	1,006	898	-541	376	4.2	0	(D)	(*)
Administration, support, and waste management.....	32,804	3,708	342	21,711	645	14,615	13,093	462.8	(*)	0	4
Health care and social assistance.....	9,820	3,373	346	8,848	230	4,412	3,168	83.5	97	(D)	34
Accommodation and food services.....	41,186	19,146	1,197	23,619	95	11,266	8,722	338.1	(*)	3	0
Miscellaneous services.....	7,879	5,668	374	4,913	-393	2,165	1,493	41.9	24	(D)	(D)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

NOTE: Estimates for 2004 are preliminary.

Table 11.1. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2003

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All countries	5,100,796	1,047,010	109,126	2,122,683	30,416	475,062	316,369	5,244.4	147,643	356,756	29,803
Canada	335,729	86,032	8,060	132,235	397	35,486	24,194	396.0	6,405	23,012	1,380
Europe	3,872,372	672,426	67,411	1,301,000	24,151	313,054	217,395	3,669.9	75,320	145,832	22,518
Austria.....	(D)	1,091	124	2,451	21	649	468	8.7	219	602	16
Belgium.....	54,415	15,595	936	27,431	682	6,927	3,978	133.3	937	870	117
Denmark.....	(D)	(D)	350	9,725	126	3,019	2,364	57.4	559	1,667	100
Finland.....	14,500	8,065	485	16,955	-202	3,709	2,755	36.0	1,727	4,802	(D)
France.....	511,221	67,947	6,270	155,759	-82	41,186	28,932	456.2	9,744	14,489	3,777
Germany.....	572,482	199,023	25,206	302,110	570	63,242	47,005	678.8	32,326	62,062	5,976
Ireland.....	17,407	5,969	330	10,760	-231	3,226	2,256	35.7	110	(D)	(D)
Italy.....	35,078	11,566	(D)	21,321	133	5,380	3,955	89.8	1,811	3,235	225
Luxembourg.....	6,827	3,882	441	3,293	-23	908	612	15.0	156	620	(D)
Netherlands.....	570,513	86,522	7,875	207,555	8,708	43,327	28,126	500.4	5,068	14,893	1,612
Norway.....	6,506	2,033	200	9,017	-55	1,113	983	13.6	255	1,176	44
Spain.....	7,786	3,593	466	6,073	-167	1,125	876	20.2	360	1,060	44
Sweden.....	32,226	14,709	1,231	39,686	259	12,088	9,088	215.5	3,374	4,860	261
Switzerland.....	988,218	36,451	3,537	118,021	1,620	31,217	28,053	404.4	4,941	9,173	3,791
United Kingdom.....	1,030,657	209,518	18,523	364,052	12,925	94,230	57,303	993.9	13,608	25,568	5,723
Other.....	5,374	(D)	(D)	6,791	-132	1,707	642	10.9	124	(D)	6
Latin America and Other Western Hemisphere	239,651	60,987	4,886	127,857	-1,476	34,453	22,227	337.7	13,352	19,206	(D)
South and Central America.....	33,824	16,173	1,221	52,536	467	10,750	3,896	68.7	2,610	14,767	(D)
Brazil.....	4,196	1,656	167	7,728	38	611	355	5.2	(D)	3,667	0
Mexico.....	18,601	6,432	(D)	14,658	102	2,964	2,294	48.3	811	2,156	14
Panama.....	(D)	(D)	43	(D)	(D)	(D)	(D)	I	(D)	(D)	(D)
Venezuela.....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(D)	0
Other.....	1,503	636	98	3,064	-7	308	242	5.0	106	1,663	(*)
Other Western Hemisphere.....	205,828	44,814	3,665	75,321	-1,943	23,703	18,330	269.0	10,742	4,439	1,180
Bahamas.....	1,202	464	75	428	69	200	100	2.5	4	9	(*)
Bermuda.....	136,438	30,499	2,166	58,039	-1,796	18,541	14,588	207.9	10,052	3,203	853
Netherlands Antilles.....	(D)	(D)	(D)	4,605	-404	(D)	(D)	J	(D)	119	(D)
United Kingdom Islands, Caribbean.....	58,830	7,724	975	10,830	229	2,487	1,715	26.4	(D)	1,090	(D)
Other.....	(D)	(D)	(D)	1,418	-41	(D)	(D)	J	22	18	(*)
Africa	4,707	3,836	161	5,258	-113	916	737	9.6	475	276	31
South Africa.....	3,747	3,404	139	4,859	-124	864	703	9.0	474	275	31
Other.....	960	432	22	400	11	51	34	0.6	(*)	2	0
Middle East	27,442	18,969	1,796	36,033	521	8,391	2,359	47.2	702	5,203	(D)
Israel.....	5,821	1,476	321	4,319	80	923	548	10.0	222	(D)	106
Kuwait.....	2,642	1,482	51	1,323	32	250	56	1.6	(D)	(*)	0
Lebanon.....	1,221	1,190	56	487	5	222	116	2.5	(D)	1	(*)
Saudi Arabia.....	12,231	10,726	765	(D)	(D)	5,615	708	9.4	(D)	(D)	(D)
United Arab Emirates.....	3,069	2,936	461	549	58	313	87	1.9	(D)	34	0
Other.....	2,459	1,158	143	(D)	(D)	1,067	844	22.0	56	(D)	71
Asia and Pacific	598,687	196,503	26,138	502,376	5,931	77,155	46,121	739.9	48,333	160,200	3,763
Australia.....	105,188	20,591	1,803	26,203	743	8,121	3,838	58.5	292	482	43
China.....	1,162	647	42	1,865	-43	223	208	2.9	(D)	247	5
Hong Kong.....	6,337	4,765	539	5,457	74	1,333	573	14.2	213	1,024	(D)
India.....	695	145	18	1,593	-2	486	441	7.3	10	23	(*)
Japan.....	451,414	150,196	22,132	416,530	5,763	62,168	38,146	600.3	41,010	133,170	3,470
Korea, Republic of.....	13,997	6,524	1,061	32,134	60	1,993	885	12.2	5,205	22,081	(D)
Malaysia.....	1,571	1,043	63	782	10	313	228	4.4	(D)	21	(D)
New Zealand.....	344	66	3	1,062	4	86	31	0.4	(D)	812	1
Singapore.....	8,065	4,595	105	5,863	-482	860	719	17.9	(D)	439	18
Taiwan.....	8,437	6,867	227	9,856	-168	1,353	929	16.4	798	1,651	102
Other.....	1,477	1,062	143	1,032	-28	219	124	5.5	19	250	1
United States	22,206	8,258	674	17,924	1,004	5,608	3,335	44.0	3,056	3,027	(D)
Addenda:											
European Union (15) ¹	2,874,435	632,432	63,527	1,169,554	22,837	279,474	187,894	3,244.7	70,003	134,936	18,676
OPEC ²	27,084	21,841	(D)	54,756	940	(D)	(D)	J	775	(D)	(D)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

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

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

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

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

Estimates for 2003 are revised.

Table 11.2. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2004

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All countries.....	5,539,810	1,060,181	108,149	2,303,543	68,101	514,957	324,523	5,116.4	153,902	378,111	29,900
Canada	372,276	98,216	9,483	144,474	4,863	40,333	24,432	382.8	6,551	23,919	1,458
Europe	4,192,440	663,860	63,755	1,391,269	47,581	336,453	221,481	3,548.0	78,059	151,055	22,648
Austria	2,201	1,184	130	2,893	66	747	513	9.6	240	656	12
Belgium	78,474	15,971	897	31,438	1,276	7,895	4,094	130.4	1,271	1,110	121
Denmark	21,102	3,566	565	10,269	197	3,258	2,589	60.6	665	2,064	135
Finland	13,789	8,344	487	18,505	88	3,808	2,892	36.2	2,195	5,575	601
France	596,645	67,787	6,366	172,383	3,788	43,071	30,386	451.6	9,365	15,393	3,738
Germany.....	632,103	203,216	24,059	319,726	7,008	66,424	47,588	668.6	32,343	61,744	5,929
Ireland	17,644	6,396	480	12,368	-147	3,654	2,533	37.4	114	349	(D)
Italy	38,868	14,382	1,074	23,748	4	6,181	4,130	102.4	1,904	3,583	221
Luxembourg.....	7,007	4,382	(D)	3,094	112	1,054	647	14.8	170	634	(D)
Netherlands.....	574,865	73,485	6,019	224,915	10,811	43,775	27,530	481.1	5,406	15,266	1,316
Norway	6,463	1,854	229	9,022	94	881	685	9.5	249	1,157	47
Spain	7,417	3,326	292	6,675	-186	1,290	833	20.2	519	867	41
Sweden	36,310	14,920	1,233	44,037	321	12,540	9,227	207.8	3,678	5,766	271
Switzerland.....	1,134,495	37,059	3,257	129,717	2,096	32,430	30,104	383.2	5,052	9,735	4,004
United Kingdom.....	1,018,285	204,681	17,496	372,179	21,771	107,220	56,873	920.8	14,752	26,339	5,924
Other	6,775	3,307	(D)	10,302	281	2,225	857	13.5	136	817	5
Latin America and Other Western Hemisphere	272,328	62,617	5,615	146,554	2,506	38,609	23,245	326.3	11,058	22,161	(D)
South and Central America	35,141	16,951	(D)	61,411	823	11,896	4,116	70.8	1,927	17,032	(D)
Brazil	4,444	1,789	202	7,678	106	599	387	5.4	610	4,140	0
Mexico	19,130	6,594	408	16,695	-137	3,167	2,465	51.1	835	(D)	17
Panama	1,109	(D)	52	(D)	(D)	(D)	(D)	H	(D)	18	(D)
Venezuela.....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(D)	0
Other	(D)	766	83	3,119	31	350	249	5.3	144	1,479	3
Other Western Hemisphere.....	237,186	45,666	(D)	85,142	1,683	26,713	19,130	255.5	9,131	5,130	1,063
Bahamas	893	353	64	294	49	64	76	1.6	(D)	(D)	(*)
Bermuda	161,482	30,919	2,659	65,592	2,213	21,619	15,088	194.7	8,375	3,698	722
Netherlands Antilles	(D)	(D)	308	(D)	(D)	(D)	(D)	J	(D)	111	(D)
United Kingdom Islands, Caribbean.....	64,721	7,735	1,233	12,454	-269	2,200	1,769	25.3	75	(D)	(D)
Other	(D)	(D)	(D)	(D)	(D)	(D)	(D)	J	25	18	(*)
Africa	5,028	3,952	168	6,232	-45	1,101	770	9.6	409	331	36
South Africa.....	4,020	3,511	141	5,656	-129	973	732	8.9	409	329	36
Other	1,008	442	27	576	84	128	38	0.7	(*)	2	0
Middle East	31,465	18,387	1,917	43,906	894	9,502	2,320	45.3	566	6,642	(D)
Israel	11,183	1,909	336	6,031	-536	1,191	751	12.5	252	(D)	139
Kuwait	1,914	1,164	48	723	120	(D)	(D)	G	1	(*)	0
Lebanon	1,277	1,338	56	527	2	231	122	2.5	(D)	1	(*)
Saudi Arabia.....	11,310	9,738	781	(D)	(D)	6,428	636	7.9	(D)	(D)	(D)
United Arab Emirates	3,488	3,254	543	963	106	506	111	1.9	(D)	(D)	0
Other	2,294	984	152	(D)	(D)	(D)	(D)	J	135	85	68
Asia and Pacific	645,825	204,686	26,444	552,389	11,347	83,322	48,893	764.0	54,437	170,985	3,725
Australia.....	108,847	23,340	1,852	32,998	2,137	9,462	4,484	63.4	563	512	37
China	1,363	692	55	2,088	47	366	236	3.3	(D)	(D)	6
Hong Kong.....	6,863	5,020	581	5,786	97	1,406	646	14.4	333	976	(D)
India.....	852	166	19	1,961	43	620	513	9.7	15	17	0
Japan.....	492,356	154,726	21,731	447,225	8,909	66,054	39,927	614.2	44,260	136,924	3,413
Korea, Republic of.....	16,617	7,954	1,610	40,462	456	2,422	1,020	14.1	7,295	28,632	(D)
Malaysia	1,556	1,029	61	807	13	315	235	4.5	(D)	16	(D)
New Zealand	429	103	8	1,191	-6	103	57	0.8	(D)	847	1
Singapore	7,101	3,613	123	6,666	-420	781	702	18.5	(D)	465	19
Taiwan	8,427	7,050	303	11,920	33	1,596	959	16.1	1,074	2,043	101
Other	1,413	992	102	1,285	38	196	114	4.9	32	(D)	1
United States	20,447	8,463	766	18,719	956	5,638	3,381	40.5	2,821	3,018	(D)
Addenda:											
European Union (25) ¹	3,047,495	623,123	60,099	1,245,265	45,248	301,481	190,072	3,146.3	72,638	139,533	18,592
OPEC ²	26,284	21,261	(D)	68,459	2,186	14,560	1,326	15.7	464	(D)	(D)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

1. The European Union (25) comprises Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, 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, the United Arab Emirates, and Venezuela.

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Estimates for 2004 are preliminary.