

# U.S. Affiliates of Foreign Companies

## Operations in 2006

By Thomas Anderson

THE current-dollar value added of majority-owned U.S. affiliates of foreign companies grew 12 percent in 2006—the fastest rate of increase since 2000, when affiliate value added was boosted by record levels of new foreign direct investment, according to preliminary statistics derived from the Bureau of Economic Analysis' most recent annual survey of foreign direct investment in the United States. The 2006 increase, which was driven mostly by expansion of existing affiliate operations, was roughly double the growth rate of current-dollar value added for the U.S. economy as a whole; as a result, the affiliate share of total U.S. private industry value added rose from 5.8 percent in 2005 to 6.1 percent in 2006.

The 12 percent increase in value added by majority-owned nonbank U.S. affiliates (“U.S. affiliates”) in 2006—from \$550 billion to \$615 billion—was substantially higher than the 7 percent increase in 2005 (table 1).<sup>1</sup> In comparison, total U.S. current-dollar value added in nonbank private industries increased 6 percent in 2006, following an increase of 7 percent in 2005. As a result of the faster growth by affiliates in 2006, the share of U.S. nonbank private industry value added accounted for by U.S. affiliates rose from 5.8 percent in 2005 to 6.1 percent in 2006, the highest affiliate share since 1988 (the earliest year for which estimates of the value added of majority-owned affiliates are available) (chart 1).

Much of the 2006 increase in affiliate value added reflected expanded production by existing affiliates, particularly in pharmaceuticals manufacturing, securities brokerage services, insurance services, and support activities for oil and gas extraction. New

investments by foreign multinational companies—including acquisitions of U.S. companies by existing U.S. affiliates—were an important but secondary factor in the increase in affiliate value added and were partly offset by the effect of foreign sales or liquidations of

**Table 1. Value Added and Employment of Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988–2006**

	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 .....	475,062	5.7	5,244.4	4.7
2004 .....	511,474	5.7	5,131.5	4.5
2005 <sup>r</sup> .....	549,569	5.8	5,201.6	4.5
2006 <sup>p</sup> .....	614,685	6.1	5,330.5	4.6
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 .....	3.1	.....	-3.3	.....
2004 .....	7.7	.....	-2.2	.....
2005 <sup>r</sup> .....	7.4	.....	1.4	.....
2006 <sup>p</sup> .....	11.8	.....	2.5	.....

<sup>p</sup> Preliminary  
<sup>r</sup> Revised

NOTES: For improved comparability with U.S.-affiliate value added, U.S. private industry value added was adjusted to exclude value added in depository institutions and private households, imputed rental income from owner-occupied housing, and business transfer payments.

For the latest estimates of U.S. private industry value added, see Brian M. Lindberg and Justin M. Monaldo, “Annual Industry Accounts: Advance Statistics on GDP by Industry for 2007” SURVEY OF CURRENT BUSINESS 88 (May 2008): 38–50.

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 totals 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 those for majority-owned affiliates. (Data on the operations of bank affiliates have been collected only in benchmark survey years. BEA has proposed to collect these data annually, beginning with 2008 data.) 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/international/di1fdiop.htm](http://www.bea.gov/international/di1fdiop.htm)>. Majority-owned companies account for much of the foreign direct investment in the United States. In 2006, majority-owned nonbank U.S. affiliates accounted for 92 percent of the employment of all nonbank U.S. affiliates.

affiliates or of their subsidiary units.<sup>2</sup>

Employment by majority-owned U.S. affiliates rose 2.5 percent in 2006, following an increase of 1.4 percent in 2005, the first increases in affiliate employment since 2000. Total U.S. employment in private industries rose 1.8 percent in 2006; as a consequence, the share of U.S. employment in private industries ticked up from 4.5 percent to 4.6 percent.<sup>3</sup> The increase in affiliate employment was largely due to acquisitions by existing affiliates, especially in manufacturing and food services and drinking places (restaurants). Entry into the United States by new affiliates also contributed to the growth in employment. Despite these increases, the share of employment accounted for by affiliates remained below the 5.0 percent peak recorded in 2000.

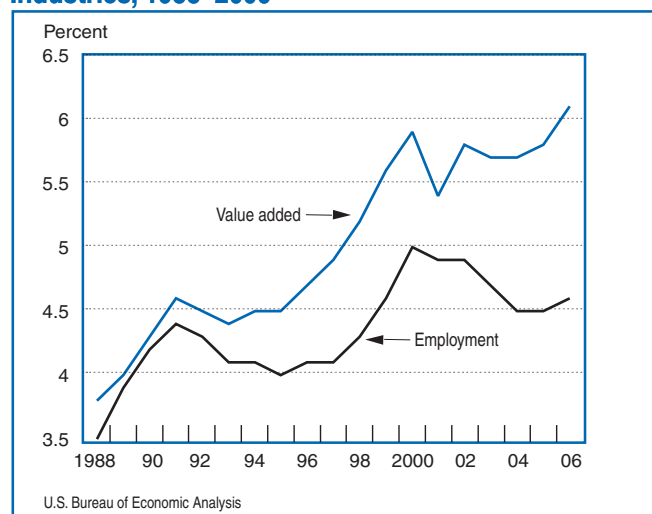
The following are additional highlights of the operations of U.S. affiliates in 2006:

- The United Kingdom continued to be the largest investing country in terms of value added, followed by Japan and Germany.
- Affiliates' shares of U.S. employment by industry were highest in mining and manufacturing.
- Affiliates' shares of employment by state were high-

2. According to data from BEA's survey of new foreign investments, outlays by foreign direct investors to acquire or establish businesses in the United States increased substantially, from \$91 billion in 2005 to \$165 billion in 2006, but they were still below the levels reached in each of the years in 1998–2000 (when outlays for new investment ranged from \$215 billion in 1998 to \$336 billion in 2000); see Louise Ku-Graf, "Foreign Direct Investment in the United States: New Investment in 2007," SURVEY OF CURRENT BUSINESS 88 (June 2008): 32–39.

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

**Chart 1. Majority-Owned Nonbank U.S.-Affiliate Share of U.S. Value Added and Employment in Private Industries, 1988–2006**



est in South Carolina and Connecticut.

- Affiliates continued to account for a large share of both U.S. imports and U.S. exports of goods—26 percent of imports and 19 percent of exports.
- Research and development (R&D) spending by U.S. affiliates rose 10 percent to \$34.3 billion.

This article examines changes in value added, employment, exports and imports of goods, and R&D activity of U.S. affiliates of foreign companies in 2006. For each of these measures, changes are examined both in the aggregate and for each major investing country. For value added, changes are also examined by industry of affiliate and industry of the foreign owner. For employment, changes are examined by industry of affiliate and by state. Several additional measures of U.S.-affiliate operations are presented in tables at the end of this article.

## Value Added

In 2006, the current-dollar value added of majority-owned nonbank U.S. affiliates increased 12 percent, to \$615 billion, while total U.S. current-dollar value added rose 6 percent. As a consequence, the share of value added in private industry accounted for by U.S. affiliates rose to 6.1 percent.

### Reduction in Data Available for U.S. Affiliates

In order to align its programs with the available resources, BEA is reducing the detail and modifying the reporting criteria on the annual survey of the operations of U.S. affiliates of foreign multinational companies. Effective with the data year 2008, some data items will be dropped from the survey, reporting thresholds will be raised, and statistical sampling will be expanded. In conjunction with these changes, the level of detail published by country and by industry will be reduced to ensure that the published statistics continue to meet standards for statistical quality. Although statistics on U.S. affiliates will become less comprehensive, key data series will be maintained, including those on employment, value added, trade in goods, R&D expenditures, and sales of services.

These changes are part of a larger group of programmatic changes that BEA is making in order to align its work with current funding levels. In the international area, BEA also plans cutbacks in its annual survey of U.S. multinational companies, and it will eliminate its survey of new foreign direct investments, following the collection of data on transactions in 2008. Information on the Bureauwide program reductions is available at [www.bea.gov/agency/availability\\_and\\_quality\\_of\\_data.htm](http://www.bea.gov/agency/availability_and_quality_of_data.htm).

### By country of ownership

In 2006, seven major investing countries—Canada, France, Germany, Japan, the Netherlands, Switzerland, and the United Kingdom—accounted for more than three-fourths of the value added of majority-owned nonbank affiliates (table 2 and chart 2). In 2006, as has been the case for many years, affiliates with ultimate beneficial owners (UBOs) in the United Kingdom accounted for the largest share of affiliate value added (see the box “Key Terms”). British-owned affiliates accounted for slightly less than 20 percent of affiliate value added and for about 1 percent of total U.S. value added in private industries. Japanese-owned affiliates accounted for the second-largest share of affiliate value added (12 percent), and German-owned affiliates accounted for the third-largest share (11 percent).

Among the seven largest investing countries, Swiss-owned affiliates recorded the largest increases in affiliate value added in both dollar and percentage terms. Their value added rose by \$13.4 billion, or 37 percent. The increase was due largely to new investment and expansions in existing affiliate operations in “finance (except depository institutions) and insurance” and in pharmaceuticals manufacturing.<sup>4</sup> In finance (except

banks) and insurance, the increase reflected both expansions in business activity (particularly by affiliates in the securities brokerage industry) and affiliate acquisitions of U.S. firms. In pharmaceuticals, Swiss-owned affiliates increased production significantly. As a result of these increases, Switzerland moved from seventh- to sixth-largest investing country in terms of value added, exchanging places with the Netherlands.

Value added by French-owned affiliates rose a substantial 18 percent, driven by acquisitions and expansion of existing affiliates in manufacturing and food services. Value added by Canadian-owned affiliates also rose 18 percent, driven by increased productivity among mining affiliates and the entry of new affiliates in finance.

For German- and Netherlands-owned affiliates, growth in value added was more modest. Value added by German-owned affiliates rose 4 percent, as increases in finance (except banks) and insurance were largely offset by decreases in manufacturing. Value added by Netherlands-owned affiliates rose 3 percent, as increases in wholesale and retail trade were largely offset by declines in insurance.

Among other investing countries, value added increased substantially for affiliates with UBOs in Denmark (52 percent), the United Kingdom Islands, Caribbean (48 percent), and Ireland (46 percent). Value-added growth by Danish-owned affiliates was

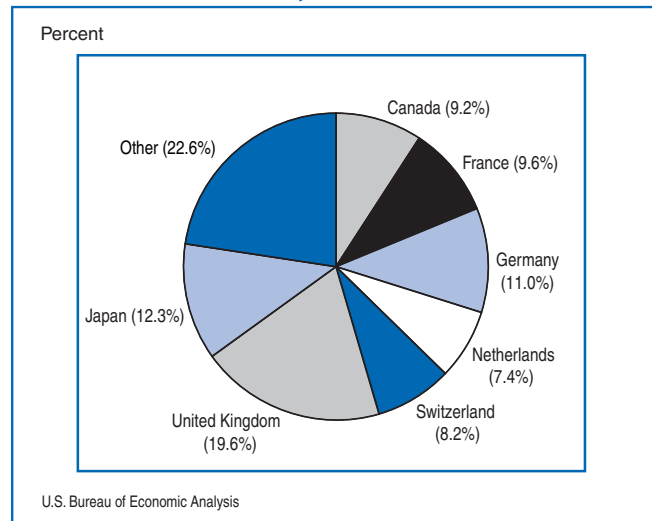
4. In the remainder of this article “banks” refers to “depository institutions,” which is the industry title that appears in the tables.

**Table 2. Value Added of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2001–2006**

	Millions of dollars						Percentage of all-countries total						Addendum: Percent change in affiliate value added, 2006
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006	
<b>All countries</b> .....	<b>417,122</b>	<b>460,609</b>	<b>475,062</b>	<b>511,474</b>	<b>549,569</b>	<b>614,685</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>11.8</b>
<b>Canada</b> .....	<b>31,702</b>	<b>35,496</b>	<b>35,486</b>	<b>40,231</b>	<b>48,103</b>	<b>56,738</b>	<b>7.6</b>	<b>7.7</b>	<b>7.5</b>	<b>7.9</b>	<b>8.8</b>	<b>9.2</b>	<b>18.0</b>
<b>Europe</b> .....	<b>270,144</b>	<b>299,965</b>	<b>313,054</b>	<b>332,450</b>	<b>355,682</b>	<b>392,437</b>	<b>64.8</b>	<b>65.1</b>	<b>65.9</b>	<b>65.0</b>	<b>64.7</b>	<b>63.8</b>	<b>10.3</b>
Belgium .....	5,925	6,997	6,927	8,080	7,110	7,169	1.4	1.5	1.5	1.6	1.3	1.2	0.8
Denmark .....	1,188	2,738	3,019	3,117	2,114	3,215	0.3	0.6	0.6	0.6	0.4	0.5	52.1
Finland .....	(D)	3,877	3,709	3,731	3,758	4,155	(D)	0.8	0.8	0.7	0.7	0.7	10.6
France .....	35,444	40,947	41,186	44,026	49,867	58,937	8.5	8.9	8.7	8.6	9.1	9.6	18.2
Germany .....	46,882	59,434	63,242	64,977	65,379	67,918	11.2	12.9	13.3	12.7	11.9	11.0	3.9
Ireland .....	3,109	3,291	3,226	3,525	4,122	5,996	0.7	0.7	0.7	0.7	1.0	1.0	45.5
Italy .....	4,665	5,824	5,380	6,354	7,487	9,321	1.1	1.3	1.1	1.2	1.4	1.5	24.5
Netherlands .....	36,188	39,102	43,327	41,686	44,546	45,784	8.7	8.5	9.1	8.2	8.1	7.4	2.8
Sweden .....	10,803	11,972	12,088	12,086	12,681	11,206	2.6	2.6	2.5	2.4	2.3	1.8	-11.6
Switzerland .....	29,097	30,809	31,217	33,646	36,680	50,113	7.0	6.7	6.6	6.6	6.7	8.2	36.6
United Kingdom .....	89,151	90,124	94,230	105,032	113,929	120,265	21.4	19.6	19.8	20.5	20.7	19.6	5.6
Other .....	(D)	4,850	5,501	6,189	8,011	8,358	(D)	1.1	1.2	1.2	1.5	1.4	4.3
<b>Latin America and Other Western Hemisphere</b> .....	<b>30,075</b>	<b>36,737</b>	<b>34,453</b>	<b>38,832</b>	<b>41,112</b>	<b>50,030</b>	<b>7.2</b>	<b>8.0</b>	<b>7.3</b>	<b>7.6</b>	<b>7.5</b>	<b>8.1</b>	<b>21.7</b>
Bermuda .....	14,949	21,745	18,541	21,449	21,313	25,438	3.6	4.7	3.9	4.2	3.9	4.1	19.4
Mexico .....	2,660	3,299	2,964	3,195	4,835	5,914	0.6	0.7	0.6	0.6	0.9	1.0	22.3
United Kingdom Islands, Caribbean .....	2,022	1,995	2,487	2,230	3,035	4,484	0.5	0.4	0.5	0.4	0.6	0.7	47.7
Venezuela .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	n.a.
Other .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	n.a.
<b>Africa</b> .....	<b>(D)</b>	<b>981</b>	<b>916</b>	<b>1,135</b>	<b>953</b>	<b>1,086</b>	<b>(D)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>13.9</b>
<b>Middle East</b> .....	<b>8,308</b>	<b>7,439</b>	<b>8,391</b>	<b>9,511</b>	<b>10,169</b>	<b>12,729</b>	<b>2.0</b>	<b>1.6</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.1</b>	<b>25.2</b>
Saudi Arabia .....	6,307	5,105	5,615	6,415	6,821	7,064	1.5	1.1	1.2	1.3	1.2	1.1	3.6
Other .....	2,000	2,334	2,776	3,096	3,348	5,665	0.5	0.5	0.6	0.6	0.6	0.9	69.2
<b>Asia and Pacific</b> .....	<b>69,960</b>	<b>74,947</b>	<b>77,155</b>	<b>82,082</b>	<b>85,694</b>	<b>93,625</b>	<b>16.8</b>	<b>16.3</b>	<b>16.2</b>	<b>16.0</b>	<b>15.6</b>	<b>15.2</b>	<b>9.3</b>
Australia .....	6,224	6,565	8,121	9,315	6,995	7,992	1.5	1.4	1.7	1.8	1.3	1.3	14.3
Japan .....	57,735	61,099	62,168	65,032	70,064	75,800	13.8	13.3	13.1	12.7	12.7	12.3	8.2
Korea, Republic of .....	1,303	2,094	1,993	2,342	2,238	2,785	0.3	0.5	0.4	0.5	0.4	0.5	24.5
Other .....	4,698	5,188	4,873	5,394	6,398	7,047	1.1	1.1	1.0	1.1	1.2	1.1	10.1
<b>United States</b> .....	<b>(D)</b>	<b>5,044</b>	<b>5,608</b>	<b>7,233</b>	<b>7,855</b>	<b>8,041</b>	<b>(D)</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>2.4</b>

D suppressed to avoid disclosure of data of individual companies.  
n.a. Not available.

**Chart 2. Investing-Country Shares of Value Added of U.S. Affiliates, 2006**



driven largely by increases in transportation and warehousing and in wholesale trade. The increase by affiliates with UBOs in the United Kingdom Islands, Caribbean was mainly due to increases in finance and in support services for oil and gas extraction. The growth in value added by Irish-owned affiliates reflected acquisitions, including acquisitions of U.S. affiliates from foreign investors in other UBO countries. Value added also rose substantially for affiliates with UBOs in Israel, Bahrain, Kuwait, and the United Arab Emirates (included in “Other” under Middle East in table 2), partly as a result of new investments. Value added of affiliates with UBOs in Sweden fell 12 percent in 2006 because of selloffs of subsidiaries by several affiliates.

**By industry of UBO**

In 2006, affiliates whose UBOs were private entities accounted for over 97 percent of total U.S. affiliate value

added (table 3). The remaining 3 percent was accounted for by affiliates owned by government or government-related enterprises. Of the affiliates owned by private entities, those whose UBOs were businesses accounted for 88 percent of total affiliate value added, and those whose UBOs were individuals, estates, or trusts accounted for 9 percent.

**By industry of affiliate**

In 2006, manufacturing continued to account for the largest share of affiliate value added (43 percent); however, the share was down slightly from 2005 (45 percent) and continued a downward trend that began in the late 1990s (table 4). Wholesale trade, which includes several affiliates that also have substantial secondary operations in manufacturing, accounted for the second-largest share of affiliate value added (17 percent) and was also down slightly from 2005 (from 18 percent).<sup>5</sup> Among other sectors, the share of affiliate

5. 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 the mix of these activities may result in changes in an affiliate’s industry classification.

**Data Availability**

This article summarizes the preliminary statistics from the 2006 annual survey of foreign direct investment in the United States. More detailed statistics will be posted this fall in files that can be downloaded at no charge from BEA’s Web site at <[www.bea.gov](http://www.bea.gov)>. Revised estimates will be released in 2009.

Detailed statistics on U.S. affiliate operations for 1977–2006 are also available on BEA’s Web site.

For more information on these products and how to access them, see the guide to BEA information on direct investment at <[www.bea.gov](http://www.bea.gov)>.

**Table 3. Value Added of Majority-Owned Nonbank U.S. Affiliates by Industry of Ultimate Beneficial Owner, 2002–2006**

	Millions of dollars					Percentage of all-industries total				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
All industries.....	460,609	475,062	511,474	549,569	614,685	100.0	100.0	100.0	100.0	100.0
Government and government-related entities.....	13,626	15,755	17,356	16,437	17,332	3.0	3.3	3.4	3.0	2.8
Individuals, estates, and trusts.....	39,619	42,400	45,173	50,091	56,944	8.6	8.9	8.8	9.1	9.3
Mining.....	16,121	19,597	22,467	23,615	26,954	3.5	4.1	4.4	4.3	4.4
Manufacturing.....	252,240	248,078	260,507	276,912	294,783	54.8	52.2	50.9	50.4	48.0
Wholesale and retail trade.....	31,483	32,433	35,418	37,176	42,245	6.8	6.8	6.9	6.8	6.9
Information.....	19,144	19,548	22,282	19,489	27,899	4.2	4.1	4.4	3.5	4.5
Depository institutions and bank holding companies.....	8,631	6,788	9,259	11,065	11,864	1.9	1.4	1.8	2.0	1.9
Finance (except depository institutions) and insurance.....	8,712	18,489	18,718	22,123	31,929	1.9	3.9	3.7	4.0	5.2
Professional, scientific, and technical services.....	13,076	13,726	16,170	19,825	23,109	2.8	2.9	3.2	3.6	3.8
Other.....	44,331	42,494	64,124	72,836	81,625	9.6	8.9	12.5	13.3	13.3

value added accounted for by affiliates in finance (except banks) and insurance increased the most, from 5 percent in 2005 to 7 percent in 2006.

Value added by manufacturing affiliates rose 8 percent in 2006, from \$246.2 billion to \$266.9 billion. More than half of the increase was in computers and electronic products and in chemicals. In computers and electronic products, value added grew 26 percent, driven largely by acquisitions. In chemicals, value added grew 19 percent, driven largely by expanded production by existing affiliates.

Outside of manufacturing, value added growth was

strong in finance (except banks) and insurance (41 percent), real estate and rental and leasing (27 percent), and information (16 percent). In finance (except banks) and insurance, the increase was largely attributable to securities and insurance affiliates. In real estate and rental and leasing, the increase was mostly accounted for by affiliates in commercial real estate. In information, the increase was accounted for by existing affiliates and the reclassification of some affiliates from other industries into information due to changes in the industry composition of their sales.

## Employment

In 2006, employment by affiliates rose 2.5 percent, to 5,331,000 employees, following an increase of 1.4 percent in 2005. The increase in 2005 was the first since 2000. Despite these increases, employment by affiliates in 2006 was still 326,000 employees below the peak level of 5,657,000 reached in 2000. Total U.S. employment by nonbank private enterprises also rose in 2006 but at a slightly slower pace, 1.9 percent. As a consequence, the share of U.S. private industry employment accounted for by affiliates edged up from 4.5 percent in 2005 to 4.6 percent in 2006. Like the level of employment, the share of U.S. employment accounted for by affiliates remained below the 5.0 percent peak recorded in 2000.

## By industry

As has been the case for many years, the U.S. affiliate share of employment at the sector level in 2006 was

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Table 4. Value Added of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 2001–2006

	Millions of dollars						Percentage of all-industries total						Addendum: Percent change in affiliate value added, 2006
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006	
<b>All industries</b> .....	<b>417,122</b>	<b>460,609</b>	<b>475,062</b>	<b>511,474</b>	<b>549,569</b>	<b>614,685</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>11.8</b>
<b>Manufacturing</b> .....	<b>200,506</b>	<b>229,245</b>	<b>220,637</b>	<b>226,992</b>	<b>246,159</b>	<b>266,893</b>	<b>48.1</b>	<b>49.8</b>	<b>46.4</b>	<b>44.4</b>	<b>44.8</b>	<b>43.4</b>	<b>8.4</b>
Food .....	10,832	14,303	9,268	12,897	15,037	15,466	2.6	3.1	2.0	2.5	2.7	2.5	2.9
Beverages and tobacco products .....	(D)	5,678	7,142	6,287	7,425	8,555	(D)	1.2	1.5	1.2	1.4	1.4	15.2
Petroleum and coal products .....	(D)	(D)	18,373	21,397	22,161	22,483	(D)	(D)	3.9	4.2	4.0	3.7	1.5
Chemicals .....	39,512	45,034	47,307	45,290	49,753	58,953	9.5	9.8	10.0	8.9	9.1	9.6	18.5
Plastics and rubber products .....	7,636	9,460	9,553	9,596	10,687	10,586	1.8	2.1	2.0	1.9	1.9	1.7	-0.9
Nonmetallic mineral products .....	14,367	15,144	14,913	16,351	19,188	21,739	3.4	3.3	3.1	3.2	3.5	3.5	13.3
Primary metals .....	8,254	5,590	4,029	9,584	12,986	12,244	2.0	1.2	0.8	1.9	2.4	2.0	-5.7
Fabricated metal products .....	6,382	7,390	7,767	5,897	7,017	7,054	1.5	1.6	1.6	1.2	1.3	1.1	0.5
Machinery .....	19,077	21,055	19,712	21,744	19,845	13,667	4.6	4.6	4.1	4.3	3.6	2.2	-31.1
Computers and electronic products .....	21,004	23,082	18,782	12,938	16,082	20,198	5.0	5.0	4.0	2.5	2.9	3.3	25.6
Electrical equipment, appliances, and components ..	12,536	4,481	5,235	5,150	7,874	13,563	3.0	1.0	1.1	1.0	1.4	2.2	72.3
Transportation equipment .....	29,048	36,848	34,800	35,623	34,251	37,461	7.0	8.0	7.3	7.0	6.2	6.1	9.4
Other .....	(D)	(D)	23,755	24,237	23,854	24,923	(D)	(D)	5.0	4.7	4.3	4.1	4.5
<b>Wholesale trade</b> .....	<b>81,462</b>	<b>75,657</b>	<b>86,568</b>	<b>97,947</b>	<b>99,689</b>	<b>106,868</b>	<b>19.5</b>	<b>16.4</b>	<b>18.2</b>	<b>19.2</b>	<b>18.1</b>	<b>17.4</b>	<b>7.2</b>
Petroleum and petroleum products .....	(D)	27,138	30,290	33,305	31,707	32,962	(D)	5.9	6.4	6.5	5.8	5.4	4.0
Other .....	(D)	48,519	56,278	64,642	67,982	73,907	(D)	10.5	11.8	12.6	12.4	12.0	8.7
Retail trade .....	24,800	26,486	27,843	29,362	30,862	31,822	5.9	5.8	5.9	5.7	5.6	5.2	3.1
Information .....	8,247	24,297	26,049	30,326	28,814	33,360	2.0	5.3	5.5	5.9	5.2	5.4	15.8
Finance (except depository institutions) and insurance	17,305	15,216	22,961	25,280	29,053	40,914	4.1	3.3	4.8	4.9	5.3	6.7	40.8
Real estate and rental and leasing .....	9,502	9,647	9,928	12,192	12,582	15,955	2.3	2.1	2.1	2.4	2.3	2.6	26.8
Professional, scientific, and technical services .....	14,923	16,426	16,694	19,075	20,186	22,531	3.6	3.6	3.5	3.7	3.7	3.7	11.6
Other industries .....	60,377	63,634	64,383	70,298	82,224	96,342	14.5	13.8	13.6	13.7	15.0	15.7	17.2

D Suppressed to avoid disclosure of data of individual companies.

highest in mining (13.9 percent) (table 5).<sup>6</sup> Affiliates also accounted for a relatively high share of employment in manufacturing (12.0 percent) and wholesale trade (7.9 percent). In contrast, affiliates accounted for very small shares of employment in service-oriented industries such as educational services (0.3 percent) and health care and social assistance (0.7 percent).

In manufacturing, the U.S. affiliate share edged up for a second consecutive year, from 11.9 percent to 12.0 percent, as affiliate employment in manufacturing rose in the face of a decrease in total U.S. manufacturing employment. The share of employment accounted for by affiliates rose in several manufacturing industries, notably nonmetallic mineral products, primary metals, and other transportation equipment. In nonmetallic mineral products, the share rose from 25.2 percent in 2005 to 26.9 percent in 2006, partially as a

result of expansion by existing affiliates in the cement industry. In primary metals, the share rose from 16.7 percent to 17.6 percent, because of both the expansion of existing affiliates and the entry of new affiliates into the iron and steel industry. In other transportation equipment, the share rose from 9.4 percent to 10.3 percent, largely because of expansions by existing affiliates in aerospace product and parts manufacturing.

Outside of manufacturing, affiliate shares of employment also increased in several sectors. In wholesale trade, the share rose from 7.3 percent to 7.9 percent because of the entry of new affiliates and the acquisitions of U.S. companies by existing affiliates. In transportation and warehousing, the share grew from 4.8 percent to 5.1 percent, because of expansions by existing affiliates and the entry of several new affiliates in the transit and ground passenger transportation industries. In accommodation and food services, the share rose from 2.8 percent to 3.2 percent as a result of acquisitions by existing affiliates in food services. In professional, scientific and technical services, the share rose from 3.7 percent to 3.8 percent, continuing a several years long trend. The largest increases in this industry were among affiliates in computer system design and related services.

6. The estimates of U.S.-affiliate employment shares are derived from data on affiliate employment broken down by industry of sales, a basis which 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 precisely 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.

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

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

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 2002, see *Foreign Direct Investment in the United States: Establishment Data for 2002*. Similar data on a NAICS basis are available for 1997, and data on a Standard Industrial Classification basis are available for 1987 and 1992. Data for manufacturing industries only are available for 1988–91. These publications and SURVEY articles that analyze these data are available on the BEA's Web site at <[www.bea.gov](http://www.bea.gov)>, under "Operations of Multinational Companies" and then under "Product Guide for Foreign Direct Investment in the United States."

In the classification by industry of sales, the data on affiliate employment and sales are distributed among all of the industries in which the affiliate reports sales. As a result, employment classified by industry of sales should approximate that classified by industry of establishment (or plant), because an affiliate that has an establishment in an industry usually also has sales in that industry.<sup>3</sup>

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

3. An exception is the case where 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 sales by BEA's NAICS-based International Surveys Industry classification.

In mining, the affiliate share of employment fell from 15.0 percent to 13.9 percent, continuing a downward trend. In 2005 and 2006, affiliate employment in mining increased; however, total U.S. employment in this industry rose at an even faster pace. The share of employment accounted for by U.S. affiliates also fell in utilities and in administration, support, and waste management, in both cases largely because of selloffs by affiliates of subsidiary units.

### By state

The states with the largest shares of private industry employment accounted for by majority-owned U.S. af-

filates in 2006 were Connecticut and South Carolina. In both states the share was 7.1 percent (table 6). Other states with a relatively high affiliate shares of employment include Delaware, New Hampshire, and New Jersey; each state had a 6.6 percent share. Among regions, New England's 6.0 percent share was the highest.

In Connecticut and South Carolina, about four-fifths of affiliate employment was accounted for by European-owned affiliates. Affiliates with UBOs in the Netherlands accounted for the largest share of affiliate employment in Connecticut. German-owned affiliates accounted for the largest share in South Carolina. Manufacturing employees accounted for about one-half of

**Table 5. Employment by Majority-Owned Nonbank U.S. Affiliates by Industry of Sales, 2001–2006**

	Thousands of employees						Percentage of total U.S. employment in nonbank private industries <sup>1</sup>					
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006
<b>All industries<sup>2</sup></b> .....	<b>5,594.3</b>	<b>5,425.4</b>	<b>5,244.4</b>	<b>5,131.5</b>	<b>5,201.6</b>	<b>5,330.5</b>	<b>4.9</b>	<b>4.9</b>	<b>4.7</b>	<b>4.5</b>	<b>4.5</b>	<b>4.6</b>
Agriculture, forestry, fishing, and hunting .....	12.1	10.3	8.9	8.7	9.2	7.7	0.8	0.7	0.6	0.6	0.6	0.5
Mining, excluding oil and gas extraction .....	60.4	79.8	62.2	61.7	65.5	67.1	14.6	20.6	16.2	15.3	15.0	13.9
Utilities .....	19.7	31.6	33.7	32.1	35.1	27.3	3.3	5.3	5.9	5.7	6.3	5.0
Construction .....	79.8	81.5	82.2	69.5	78.6	67.4	1.1	1.2	1.2	1.0	1.0	0.9
<b>Manufacturing<sup>3</sup></b> .....	<b>1,956.7</b>	<b>1,844.1</b>	<b>1,769.4</b>	<b>1,703.0</b>	<b>1,723.6</b>	<b>1,727.1</b>	<b>11.7</b>	<b>11.9</b>	<b>12.0</b>	<b>11.7</b>	<b>11.9</b>	<b>12.0</b>
Food and beverage and tobacco products .....	M	135.9	156.8	140.3	133.2	133.4	(D)	7.7	9.1	8.2	7.9	7.9
Textile mills and textile product mills .....	J	18.3	15.3	15.7	14.9	13.8	(D)	3.7	3.4	3.8	3.8	3.9
Apparel and leather and allied products .....	J	7.0	5.5	5.4	5.5	6.8	(D)	1.7	1.5	1.6	1.8	2.3
Wood products .....		19.9	17.9	12.0	13.1	9.7	3.4	3.1	2.2	2.3	1.7	1.8
Paper .....	K	41.7	46.0	46.0	40.6	35.0	(D)	7.7	8.9	9.3	8.4	7.4
Printing and related support activities .....		53.8	50.6	54.4	45.0	43.0	36.7	6.9	7.0	7.8	6.6	5.7
Petroleum and coal products <sup>4</sup> .....		22.8	21.7	37.2	33.5	32.2	33.0	9.3	9.0	15.7	14.3	13.5
Chemicals .....		247.7	264.9	254.1	249.2	219.4	221.2	25.8	28.6	28.0	28.1	25.1
Plastics and rubber products .....		126.1	121.6	118.4	111.6	112.0	110.4	14.1	14.3	14.5	13.8	14.0
Nonmetallic mineral products .....		122.4	117.2	119.7	117.4	128.0	138.5	22.4	22.5	23.9	23.4	25.2
Primary metals .....		78.4	61.8	56.0	63.5	77.4	81.7	13.7	12.2	11.8	13.6	16.7
Fabricated metal products .....		112.5	103.4	90.0	85.3	88.8	85.6	6.7	6.7	6.1	5.7	5.8
Machinery .....		184.1	172.0	161.1	149.0	147.3	145.6	13.4	14.0	14.0	13.0	12.6
Computers and electronic products .....		240.6	198.1	154.1	148.9	155.2	151.6	13.7	13.2	11.4	11.3	11.8
Electrical equipment, appliances, and components .....		103.7	101.0	83.6	81.0	92.5	88.3	18.7	20.3	18.2	18.2	20.3
Motor vehicles, bodies and trailers, and parts .....		275.9	268.5	277.7	273.2	277.6	278.3	22.8	23.3	24.9	24.5	25.2
Other transportation equipment .....		48.1	47.2	45.0	48.2	63.1	71.6	6.7	7.0	6.9	7.4	9.4
Furniture and related products .....		15.1	11.5	11.2	11.3	13.5	12.9	2.3	1.9	1.9	2.0	2.4
Miscellaneous manufacturing .....		80.3	83.9	71.4	65.5	69.7	72.3	10.9	11.8	10.4	9.7	10.4
Wholesale trade .....		440.3	438.6	411.1	430.0	428.9	469.5	7.6	7.7	7.2	7.5	7.3
Retail trade .....		643.1	605.4	576.1	597.2	566.6	552.1	4.1	3.9	3.7	3.8	3.5
Transportation and warehousing .....		228.7	247.3	199.3	193.2	209.5	227.3	5.2	5.8	4.7	4.5	4.8
Information .....		196.1	206.4	215.0	196.3	195.7	193.1	5.4	6.1	6.7	6.3	6.4
<b>Finance (except depository institutions) and insurance.</b>	<b>274.0</b>	<b>230.7</b>	<b>227.0</b>	<b>185.2</b>	<b>188.2</b>	<b>202.3</b>	<b>6.6</b>	<b>5.6</b>	<b>5.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.6</b>
Finance, except depository institutions .....		142.6	100.9	109.4	85.7	88.9	97.0	7.7	5.4	5.7	4.4	4.7
Insurance carriers and related activities .....		131.4	129.8	117.6	99.5	99.2	105.2	5.8	5.7	5.1	4.3	4.5
Real estate and rental and leasing .....		42.9	38.8	37.6	48.3	44.6	41.4	2.0	1.8	1.8	2.2	2.0
Professional, scientific, and technical services .....		225.4	215.7	233.7	247.9	275.4	299.8	3.1	3.0	3.3	3.4	3.7
Management of nonbank companies and enterprises .....		2.2	3.1	3.0	2.2	1.5	1.8	0.1	0.2	0.2	0.1	0.1
Administration, support, and waste management .....		546.7	547.9	508.8	474.7	478.9	460.3	7.0	7.2	6.8	6.1	5.9
Educational services .....		7.6	5.0	5.9	6.9	5.9	8.1	0.3	0.2	0.2	0.2	0.3
Health care and social assistance .....	L	103.5	77.6	79.4	101.6	105.9	(D)	0.7	0.5	0.5	0.7	0.7
Arts, entertainment, and recreation .....		36.0	33.6	33.9	33.0	15.9	18.4	1.9	1.8	1.8	1.7	0.8
Accommodation and food services .....		324.8	326.1	333.3	317.9	311.2	363.9	3.2	3.2	3.2	2.9	2.8
Other services, except government .....	K	27.8	53.9	69.3	69.3	75.6	85.0	(D)	0.4	0.8	1.0	1.1
Auxiliaries .....		326.6	313.6	331.4	328.7	360.3	375.9	n.a.	n.a.	n.a.	n.a.	n.a.
Unspecified <sup>5</sup> .....		28.3	34.6	40.4	46.5	29.8	29.3	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. Data needed to make this adjustment are not available for individual industries.

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 employment for which U.S. affiliates did not specify an 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 2001 and greater than \$125 million in 2002–2006) 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 employment by affiliates in South Carolina but accounted for only about one-fourth of the employment by affiliates in Connecticut (table 7).

About four-fifths of the states recorded gains in employment by affiliates in 2006, notably Florida, Illinois, and New Jersey. In Florida, affiliate employment rose by 17,300, or 8 percent, mainly as a result of acquisitions by existing U.S. affiliates in cement manufacturing and wholesale trade. In New Jersey, employment rose by

16,100, or 8 percent, largely as a result of acquisitions by affiliates in manufacturing and finance. In Illinois, employment rose by 14,500, or 6 percent, mainly as a result of acquisitions made by existing affiliates in manufacturing.

Employment by affiliates declined in a few states. The largest declines were in Oregon and Rhode Island. In Oregon, employment by affiliates fell 6,700, or 13 percent, largely as a result of cutbacks in employment

**Table 6. Employment by Majority-Owned Nonbank U.S. Affiliates by State, 2001–2006**

	Thousands of employees						Percentage of total private industry employment in the state or area <sup>1</sup>					
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006
<b>Total</b> <sup>2</sup> .....	<b>5,594.3</b>	<b>5,425.4</b>	<b>5,244.4</b>	<b>5,131.5</b>	<b>5,201.6</b>	<b>5,330.5</b>	<b>4.9</b>	<b>4.8</b>	<b>4.7</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
<b>New England</b> .....	<b>435.3</b>	<b>419.2</b>	<b>401.4</b>	<b>390.5</b>	<b>363.5</b>	<b>368.8</b>	<b>7.0</b>	<b>6.8</b>	<b>6.6</b>	<b>6.4</b>	<b>5.9</b>	<b>6.0</b>
Connecticut.....	117.4	111.0	105.5	102.1	102.0	104.9	7.9	7.6	7.3	7.0	7.0	7.1
Maine.....	32.8	31.7	29.4	28.4	24.4	24.4	6.4	6.2	5.7	5.5	4.7	4.7
Massachusetts.....	209.9	196.9	188.4	182.0	167.2	173.0	7.0	6.7	6.5	6.3	5.8	5.9
New Hampshire.....	41.0	41.1	41.7	40.8	35.7	37.1	7.4	7.5	7.7	7.4	6.4	6.6
Rhode Island.....	23.5	27.5	26.1	26.3	24.3	19.5	5.6	6.5	6.1	6.1	5.6	4.5
Vermont.....	10.7	11.1	10.3	11.0	9.9	9.8	4.1	4.3	4.0	4.2	3.8	3.7
<b>Mideast</b> .....	<b>1,042.2</b>	<b>996.1</b>	<b>988.1</b>	<b>968.7</b>	<b>993.1</b>	<b>1,015.5</b>	<b>5.6</b>	<b>5.4</b>	<b>5.4</b>	<b>5.2</b>	<b>5.3</b>	<b>5.4</b>
Delaware.....	24.4	22.4	28.1	27.5	25.4	25.2	6.6	6.1	7.7	7.3	6.7	6.6
District of Columbia.....	17.7	17.4	15.8	15.1	16.9	17.3	3.9	3.8	3.5	3.3	3.6	3.6
Maryland.....	106.4	105.4	102.9	100.6	105.2	104.1	5.1	5.1	5.0	4.8	4.9	4.8
New Jersey.....	239.4	228.3	224.0	218.4	214.4	230.5	6.9	6.7	6.6	6.4	6.2	6.6
New York.....	415.5	386.8	384.2	380.5	388.6	389.3	5.7	5.4	5.4	5.3	5.4	5.3
Pennsylvania.....	238.7	235.8	233.1	226.5	242.6	249.0	4.7	4.7	4.7	4.5	4.8	4.8
<b>Great Lakes</b> .....	<b>941.0</b>	<b>920.3</b>	<b>895.5</b>	<b>864.2</b>	<b>871.5</b>	<b>886.9</b>	<b>4.9</b>	<b>4.9</b>	<b>4.8</b>	<b>4.6</b>	<b>4.7</b>	<b>4.7</b>
Illinois.....	274.2	262.9	252.5	232.4	228.6	243.1	5.2	5.1	4.9	4.5	4.4	4.7
Indiana.....	142.0	133.2	134.7	133.7	143.1	148.0	5.5	5.2	5.3	5.2	5.5	5.7
Michigan.....	204.7	202.9	204.6	202.4	202.4	195.5	5.2	5.2	5.4	5.3	5.3	5.2
Ohio.....	220.8	214.2	208.0	207.8	211.3	213.3	4.5	4.5	4.4	4.4	4.5	4.5
Wisconsin.....	99.3	107.1	95.6	87.9	86.2	87.2	4.1	4.4	4.0	3.6	3.5	3.5
<b>Plains</b> .....	<b>300.1</b>	<b>284.8</b>	<b>276.1</b>	<b>270.2</b>	<b>282.2</b>	<b>292.6</b>	<b>3.8</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>
Iowa.....	38.8	36.6	38.7	37.4	39.5	40.2	3.1	3.0	3.1	3.0	3.1	3.1
Kansas.....	36.0	34.9	31.4	31.9	41.9	46.5	3.2	3.1	2.9	2.9	3.7	4.1
Minnesota.....	87.8	88.1	85.5	85.2	84.8	86.5	3.7	3.8	3.7	3.6	3.6	3.6
Missouri.....	102.7	91.5	87.2	84.0	82.7	85.7	4.4	3.9	3.8	3.6	3.5	3.6
Nebraska.....	20.1	18.7	19.0	19.8	18.0	18.7	2.6	2.4	2.5	2.6	2.3	2.4
North Dakota.....	8.2	7.4	7.8	6.3	7.2	8.3	3.1	2.8	2.9	2.3	2.6	2.9
South Dakota.....	6.6	7.6	6.5	5.6	8.0	6.7	2.1	2.4	2.1	1.8	2.5	2.0
<b>Southeast</b> .....	<b>1,393.8</b>	<b>1,361.3</b>	<b>1,314.5</b>	<b>1,284.7</b>	<b>1,278.7</b>	<b>1,329.8</b>	<b>5.1</b>	<b>5.1</b>	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>
Alabama.....	75.5	75.1	72.6	72.4	69.6	73.6	4.7	4.8	4.6	4.5	4.3	4.4
Arkansas.....	35.8	35.7	32.2	31.5	33.8	33.7	3.6	3.6	3.3	3.2	3.4	3.3
Florida.....	257.7	252.1	247.8	237.6	230.7	248.0	4.0	3.9	3.8	3.6	3.3	3.5
Georgia.....	195.0	191.2	183.9	177.5	167.7	173.6	5.7	5.7	5.6	5.3	4.9	4.9
Kentucky.....	90.9	88.4	87.9	86.1	86.7	91.0	6.0	5.9	5.9	5.7	5.6	5.8
Louisiana.....	51.1	50.5	49.2	50.4	53.3	49.7	3.2	3.2	3.1	3.2	3.4	3.2
Mississippi.....	21.5	25.8	21.7	25.4	25.4	25.7	2.3	2.8	2.4	2.8	2.8	2.7
North Carolina.....	223.0	214.8	203.8	199.2	200.1	209.4	6.7	6.6	6.3	6.1	6.0	6.1
South Carolina.....	129.1	133.0	126.8	121.9	110.6	114.3	8.4	8.7	8.3	7.9	7.0	7.1
Tennessee.....	134.2	130.1	128.5	129.5	134.2	140.3	5.7	5.6	5.5	5.5	5.6	5.7
Virginia.....	154.5	141.9	138.9	134.8	145.7	150.8	5.3	4.9	4.8	4.5	4.8	4.9
West Virginia.....	25.7	22.7	21.4	18.4	20.9	19.9	4.4	3.9	3.8	3.2	3.6	3.4
<b>Southwest</b> .....	<b>484.7</b>	<b>457.0</b>	<b>444.4</b>	<b>448.0</b>	<b>476.7</b>	<b>489.4</b>	<b>4.1</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>
Arizona.....	57.0	57.5	58.0	64.2	68.5	71.1	2.9	3.0	3.0	3.1	3.2	3.1
New Mexico.....	13.5	12.8	11.6	12.7	13.3	14.2	2.3	2.2	2.0	2.1	2.1	2.2
Oklahoma.....	40.0	33.9	34.5	32.9	36.0	35.9	3.3	2.8	2.9	2.8	3.0	2.9
Texas.....	374.2	352.8	340.3	338.2	358.9	368.2	4.6	4.4	4.3	4.2	4.3	4.3
<b>Rocky Mountain</b> .....	<b>136.2</b>	<b>136.8</b>	<b>131.8</b>	<b>131.1</b>	<b>134.4</b>	<b>138.3</b>	<b>3.5</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>	<b>3.3</b>
Colorado.....	81.3	77.7	72.3	71.7	73.8	75.9	4.2	4.1	3.9	3.8	3.8	3.8
Idaho.....	11.3	12.5	11.6	13.2	13.0	13.0	2.3	2.6	2.4	2.7	2.5	2.4
Montana.....	5.7	5.9	5.5	6.5	6.5	6.8	1.8	1.8	1.9	1.9	1.9	1.9
Utah.....	30.4	32.3	34.0	30.6	32.1	34.6	3.3	3.5	3.7	3.3	3.3	3.3
Wyoming.....	7.5	8.5	8.4	9.0	9.0	8.0	4.0	4.5	4.4	4.6	4.4	3.7
<b>Far West</b> .....	<b>832.4</b>	<b>823.1</b>	<b>762.7</b>	<b>744.9</b>	<b>772.4</b>	<b>781.2</b>	<b>4.6</b>	<b>4.6</b>	<b>4.3</b>	<b>4.1</b>	<b>4.2</b>	<b>4.1</b>
Alaska.....	10.5	12.6	11.7	12.2	12.0	12.2	4.8	5.7	5.2	5.3	5.1	5.1
California.....	615.2	612.6	558.0	541.8	565.2	572.5	4.8	4.9	4.4	4.3	4.4	4.3
Hawaii.....	38.9	36.7	35.2	31.1	28.6	28.5	8.5	8.1	7.6	6.5	5.7	5.6
Nevada.....	28.2	25.8	26.1	26.7	31.9	35.9	3.0	2.7	2.7	2.6	2.9	3.1
Oregon.....	51.5	50.9	47.9	47.1	50.7	44.0	3.8	3.8	3.5	3.4	3.5	3.0
Washington.....	88.1	84.5	83.7	85.9	84.1	88.2	3.8	3.8	3.7	3.8	3.6	3.6
Puerto Rico.....	16.4	16.6	16.6	16.6	16.6	16.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas <sup>3</sup> .....	11.9	9.9	12.9	10.5	10.7	9.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign <sup>4</sup> .....	0.4	0.3	0.4	2.2	1.6	1.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a. Not available.

1. The data on employment in private industries used to calculate the shares shown in this table are from BEA's Regional Economic Information System. The totals are equal to employment in private industries less employment of private households. The U.S. employment totals used to calculate affiliate shares in this table differ from those used for tables 1 and 5, which are from tables 6.4D of the "National Income and Product Accounts (NIPA) Tables." They differ from the NIPA estimates of employment because they include depository institutions, and, by definition, they exclude U.S. residents temporarily employed abroad by U.S. businesses.

They also may differ from the NIPA estimates because of different definitions and revision schedules.

2. For consistency with the coverage of the private-industry employment data, U.S.-affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate employment total when the percentage shares on this line were computed.

3. Consists of the U.S. Virgin Islands, Guam, American Samoa, and all other outlying U.S. areas.

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



by manufacturing affiliates and the selloff of subsidiaries by affiliates in utilities. In Rhode Island, employment by affiliates fell 4,700, or 19 percent, due to the selloff of subsidiaries by affiliates.

In manufacturing, affiliate shares of employment were highest in the District of Columbia (33.4 percent), South Carolina (21.8 percent), and New Hamp-

shire (21.7 percent) (table 7). The high affiliate share in the District of Columbia reflects the District's lack of total manufacturing.<sup>7</sup> In South Carolina, most

7. Employment data from the BEA's Regional Economics Information System indicate that there were only 1,800 manufacturing employees in the District of Columbia in 2006; about half of these employees were in the printing and food manufacturing industries.

**Table 7. Manufacturing Employment by Majority-Owned Nonbank U.S. Affiliates by State, 2001–2006**

	Thousands of employees						Percentage of total manufacturing employment in the state or area <sup>1</sup>					
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006
<b>Total</b> <sup>2</sup>	<b>1,934.9</b>	<b>1,811.9</b>	<b>1,667.4</b>	<b>1,552.4</b>	<b>1,565.5</b>	<b>1,579.9</b>	<b>11.6</b>	<b>11.8</b>	<b>11.3</b>	<b>10.7</b>	<b>10.9</b>	<b>11.0</b>
<b>New England</b>	<b>125.6</b>	<b>105.7</b>	<b>99.8</b>	<b>89.2</b>	<b>87.8</b>	<b>88.3</b>	<b>13.8</b>	<b>12.8</b>	<b>13.0</b>	<b>11.9</b>	<b>11.9</b>	<b>12.2</b>
Connecticut	35.7	29.4	28.8	26.4	25.4	26.3	15.7	13.8	14.3	13.3	12.9	13.5
Maine	11.4	9.6	7.3	7.5	6.7	6.6	15.1	13.9	11.3	11.8	10.8	10.8
Massachusetts	51.2	42.5	40.2	32.9	32.3	33.0	13.1	12.1	12.3	10.5	10.5	10.9
New Hampshire	18.2	17.6	18.2	17.0	16.6	17.1	18.6	20.6	22.5	21.1	20.6	21.7
Rhode Island	5.2	4.1	3.4	3.5	4.0	3.0	7.6	6.5	5.8	6.1	7.2	5.6
Vermont	3.9	2.5	1.9	1.9	2.8	2.4	8.5	6.2	5.0	5.0	7.6	6.5
<b>Mideast</b>	<b>261.3</b>	<b>248.6</b>	<b>229.8</b>	<b>204.7</b>	<b>200.9</b>	<b>205.9</b>	<b>12.1</b>	<b>(D)</b>	<b>12.3</b>	<b>11.3</b>	<b>11.3</b>	<b>11.8</b>
Delaware	9.4	8.1	9.9	6.8	5.9	5.2	23.7	21.9	27.8	19.6	17.5	15.6
District of Columbia	0.4	0.7	0.4	0.6	0.5	0.6	11.0	(D)	13.8	24.2	24.5	33.4
Maryland	20.1	16.2	15.5	14.1	16.9	18.4	11.8	10.2	10.5	9.8	12.0	13.4
New Jersey	64.9	67.2	56.5	51.5	47.9	50.4	16.1	18.2	16.1	15.2	14.5	15.4
New York	74.7	67.2	59.9	53.0	52.2	53.5	10.5	10.2	9.7	8.8	8.9	9.3
Pennsylvania	91.9	89.3	87.5	78.6	77.4	77.8	11.1	11.7	12.3	11.4	11.4	11.5
<b>Great Lakes</b>	<b>455.8</b>	<b>433.7</b>	<b>396.7</b>	<b>364.3</b>	<b>355.2</b>	<b>358.7</b>	<b>12.0</b>	<b>12.3</b>	<b>11.7</b>	<b>11.0</b>	<b>10.8</b>	<b>11.1</b>
Illinois	97.4	88.8	79.8	67.1	62.3	67.0	11.9	11.7	11.1	9.6	9.0	9.7
Indiana	96.0	87.1	82.2	80.8	85.6	86.7	15.5	14.7	14.3	14.1	14.9	15.3
Michigan	102.2	93.6	89.3	81.6	79.0	76.3	12.3	12.3	12.3	11.6	11.6	11.6
Ohio	111.4	109.2	99.0	95.8	90.0	91.7	11.6	12.3	11.7	11.6	11.0	11.5
Wisconsin	48.7	55.0	46.4	38.9	38.4	37.1	8.7	10.4	9.1	7.7	7.5	7.2
<b>Plains</b>	<b>135.8</b>	<b>120.4</b>	<b>112.9</b>	<b>108.0</b>	<b>114.3</b>	<b>115.3</b>	<b>10.1</b>	<b>9.5</b>	<b>9.2</b>	<b>8.8</b>	<b>9.2</b>	<b>9.3</b>
Iowa	22.1	20.2	21.1	18.6	17.9	17.4	9.1	8.8	9.5	8.3	7.7	7.5
Kansas	14.0	15.1	13.7	13.2	19.6	23.2	7.1	8.3	7.8	7.4	10.8	12.6
Minnesota	31.2	26.2	22.4	23.8	25.9	24.6	8.2	7.3	6.4	6.9	7.4	7.1
Missouri	51.8	42.4	39.8	38.7	36.8	35.8	15.1	13.0	12.7	12.3	11.8	11.6
Nebraska	8.2	7.8	8.9	8.0	7.8	8.7	7.4	7.3	8.7	7.8	7.7	8.5
North Dakota	4.5	4.0	3.7	2.5	2.3	2.8	18.4	16.5	15.7	10.1	8.7	10.8
South Dakota	4.0	4.7	3.2	3.3	4.0	2.8	9.6	12.1	8.5	8.4	10.0	6.6
<b>Southeast</b>	<b>543.9</b>	<b>533.7</b>	<b>490.6</b>	<b>469.0</b>	<b>482.8</b>	<b>476.3</b>	<b>13.3</b>	<b>14.0</b>	<b>13.5</b>	<b>13.1</b>	<b>13.5</b>	<b>13.5</b>
Alabama	36.7	37.0	34.4	32.6	41.2	42.1	11.1	11.9	11.6	11.1	13.7	13.8
Arkansas	22.8	20.3	19.1	17.7	20.0	18.9	10.0	9.4	9.2	8.6	9.8	9.4
Florida	46.0	41.5	35.2	36.1	34.7	38.6	10.5	10.1	8.9	9.1	8.6	9.5
Georgia	70.4	68.8	65.3	58.6	56.8	52.7	13.8	14.4	14.3	12.9	12.5	11.6
Kentucky	55.8	53.9	51.1	47.7	45.7	48.4	18.9	19.4	19.1	18.0	17.3	18.4
Louisiana	19.5	16.9	15.8	15.6	18.2	14.7	11.2	10.4	10.1	10.2	11.9	9.6
Mississippi	9.9	12.7	9.4	12.8	12.6	11.7	4.9	6.7	5.2	7.1	7.0	6.6
North Carolina	96.6	93.4	82.2	78.1	78.8	77.2	13.6	14.4	13.5	13.3	13.7	13.8
South Carolina	65.9	70.8	63.9	58.1	54.7	55.8	20.8	24.2	22.6	21.6	20.9	21.8
Tennessee	70.0	67.6	67.6	67.3	71.7	71.7	15.3	15.7	16.2	16.2	17.4	17.8
Virginia	38.2	37.9	35.8	35.8	37.7	35.2	11.0	11.7	11.6	11.9	12.7	12.1
West Virginia	12.1	12.9	10.7	8.5	10.8	9.3	16.6	18.6	16.4	13.4	17.2	15.1
<b>Southwest</b>	<b>160.8</b>	<b>136.9</b>	<b>125.0</b>	<b>114.8</b>	<b>119.6</b>	<b>118.5</b>	<b>11.1</b>	<b>10.3</b>	<b>9.9</b>	<b>9.2</b>	<b>9.4</b>	<b>9.0</b>
Arizona	15.1	13.0	13.7	13.8	13.2	13.0	7.5	7.0	7.7	7.7	7.2	6.9
New Mexico	2.7	1.8	1.3	1.7	1.3	1.2	6.6	4.7	3.6	4.9	3.6	3.2
Oklahoma	15.5	14.5	12.2	11.2	14.5	11.8	9.1	9.5	8.5	7.8	10.0	7.9
Texas	127.5	107.6	97.7	88.0	90.6	92.5	12.3	11.3	10.8	9.8	10.0	9.9
<b>Rocky Mountain</b>	<b>35.9</b>	<b>36.7</b>	<b>29.8</b>	<b>29.5</b>	<b>28.2</b>	<b>30.6</b>	<b>8.8</b>	<b>(D)</b>	<b>8.4</b>	<b>8.1</b>	<b>7.7</b>	<b>8.3</b>
Colorado	19.0	19.9	15.5	14.7	15.1	14.5	10.4	11.9	10.0	9.6	10.0	9.6
Idaho	3.8	3.7	3.2	4.5	3.5	3.7	5.5	5.7	5.1	7.2	5.4	5.6
Montana	2.1	2.0	0.6	0.6	1.1	1.2	9.9	9.7	5.5	3.0	5.4	5.6
Utah	10.0	9.7	9.4	7.9	6.9	9.7	8.2	8.5	8.2	6.8	5.7	7.9
Wyoming	0.9	1.4	1.1	1.8	1.7	1.6	9.2	(D)	11.9	18.9	17.4	15.7
<b>Far West</b>	<b>206.7</b>	<b>187.2</b>	<b>171.4</b>	<b>161.3</b>	<b>165.2</b>	<b>175.6</b>	<b>8.6</b>	<b>8.5</b>	<b>8.2</b>	<b>7.8</b>	<b>8.0</b>	<b>8.4</b>
Alaska	1.7	2.1	1.9	2.0	1.9	2.4	13.6	18.6	15.9	16.4	15.4	17.7
California	161.3	146.2	133.5	123.4	125.4	133.7	9.0	8.9	8.6	8.0	8.3	8.9
Hawaii	0.9	1.0	0.6	0.8	0.5	1.1	5.5	6.4	4.3	5.0	3.5	7.4
Nevada	4.8	4.7	4.0	4.3	4.5	5.5	10.9	10.9	8.9	9.2	9.3	10.8
Oregon	15.6	12.7	11.1	10.9	11.8	11.6	7.2	6.2	5.6	5.4	5.7	5.5
Washington	22.3	20.5	20.3	19.9	21.0	21.4	7.0	7.1	7.6	7.5	7.7	7.4
Puerto Rico	8.1	8.5	8.5	7.8	7.9	7.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas <sup>3</sup>	1.0	0.5	2.8	H	H	G	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign <sup>4</sup>	0.0	(*)	0.3	F	F	A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

D Suppressed to avoid disclosure of data of individual companies.

\* More than zero and fewer than 50 employees.

n.a. Not available.

1. The data on employment in manufacturing used to calculate the shares shown in this table are from BEA's Regional Economic Information System. The U.S. manufacturing employment totals used to calculate shares in this table differ from the NIPA data for manufacturing used for table 5 (see footnote 1 to table 5).

2. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates in this table differ from those shown in table 5 (see footnote 3 to table 5). For consistency

with the coverage of the employment data for all U.S. manufacturing plants, U.S. affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate total when the percentage shares on this line were computed.

3. Consists of the U.S. Virgin Islands, Guam, American Samoa, and all other outlying U.S. areas.

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

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

manufacturing employment was by European-owned affiliates, especially German- and French-owned affiliates, with Japanese-owned affiliates also contributing. In New Hampshire, most employment was also by European-owned affiliates: British-owned affiliates accounted for the largest share.

Manufacturing employment by affiliates rose in slightly more than half of the states. The largest increases

were in California and Illinois. In California, manufacturing employment by affiliates rose 8,200, or 7 percent. The increase was driven by the expansion of existing affiliates in pharmaceuticals and the entry of new affiliates in machinery manufacturing. In Illinois, manufacturing employment rose 4,800, or 8 percent, largely as a result of acquisitions by existing affiliates in food processing and machinery manufacturing.

### 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 2007](#)” in the June 2008 issue of the 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 2007,” “U.S. International Transactions: First Quarter of 2008,” and “[Direct Investment Positions for 2007: Country and Industry Detail](#)” in the July 2008 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.<sup>1</sup>

**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 they 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.<sup>2</sup> The financial and operating data for affiliates are on a fiscal year basis. They 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, and direct investment income.

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

2. Beginning with survey year 2008, the BEA plans to extend the coverage of the annual survey to include U.S. affiliates that are banks in order to close a gap in its data on multinational companies.

## 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—19 percent of exports and 26 percent of imports in 2006 (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—was 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.<sup>8</sup>

8. A portion of the remaining trade, trade between U.S. parent companies and their majority-owned foreign affiliates, is also intrafirm trade.

For further information and analysis on intrafirm trade 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 and 4, 2003); <[www.bea.gov/papers](http://www.bea.gov/papers)>.

**Table 8. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates, 1987–2006**

	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	147,643	71,188	356,756	290,492	20.4	9.8	28.4	23.1
2004	155,507	74,784	394,463	320,268	19.0	9.1	26.8	21.8
2005 <sup>r</sup>	174,318	80,815	448,911	359,059	19.2	8.9	26.8	21.5
2006 <sup>p</sup>	195,292	88,621	482,363	380,974	18.8	8.5	26.0	20.5

<sup>p</sup> Preliminary  
<sup>r</sup> 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, and are on a Census Bureau basis.

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 importing 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 of U.S. affiliates.<sup>9</sup> Most of the remaining gap is accounted for by manufacturing affiliates, some of which have secondary activities in wholesale trade and some of which import parts and components produced by their foreign parents.

## Exports

Exports of goods by U.S. affiliates rose 12 percent in 2006, to \$195.3 billion, following a 12 percent increase in 2005. Growth in total U.S. exports of goods in 2006 was 14 percent. As a result, the share of U.S. goods exports accounted for by affiliates fell slightly, from 19.2 percent in 2005 to 18.8 percent in 2006.

Most of the increase in exports by affiliates was accounted for by affiliates in manufacturing and wholesale trade. Within manufacturing, there were substantial increases in exports by affiliates in electrical equipment and transportation equipment. There was also a substantial increase in exports by affiliates in mining, especially metal ore mining.

In 2006, as has been the case for several years, the largest share of affiliate exports was accounted for by Japanese-owned affiliates (26 percent), followed by German-owned affiliates (22 percent) (table 9).

More than two-thirds of the increase in exports by affiliates was accounted for by German-, Japanese-, and Netherlands-owned affiliates. Among German-owned affiliates, most of the increase was by affiliates in electrical equipment and transportation equipment manufacturing. Among Japanese-owned affiliates, much of the increase was in affiliates in the various durable-goods wholesaling industries.

9. 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 to 40 percent in 2006 from 66 percent in 1987, and their share of affiliate imports declined to 61 percent in 2006 from 78 percent in 1987. One reason for this change is the reorientation of some wholesale trade affiliates from importing manufactured goods for sale in the United States to manufacturing goods at U.S. facilities.

### 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 (if the U.S. business enterprise is incorporated) or an equivalent interest (if the U.S. business enterprise is unincorporated). Person is broadly defined to include any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization, and any government (including any corporation, institution, or other entity or instrumentality of 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 determine 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.

**Table 9. U.S. Trade in Goods by Majority-Owned Nonbank U.S. Affiliates by Selected Country of Ultimate Beneficial Owner, 2001–2006**

	Millions of dollars						Percentage of all-countries total						Addendum: Percentage change in affiliate exports or imports, 2006
	2001	2002	2003	2004	2005	2006	2001	2002	2003	2004	2005	2006	
<b>US exports shipped by affiliates:</b>													
<b>All countries</b> .....	<b>145,525</b>	<b>140,510</b>	<b>147,643</b>	<b>155,507</b>	<b>174,318</b>	<b>195,292</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12.0</b>
Canada.....	8,191	6,401	6,405	6,583	8,171	9,052	5.6	4.6	4.3	4.2	4.7	4.6	10.8
France.....	9,817	10,043	9,744	9,475	11,355	12,439	6.7	7.1	6.6	6.1	6.5	6.4	9.5
Germany.....	29,298	30,351	32,326	31,603	37,619	42,869	20.1	21.6	21.9	20.3	21.6	22.0	14.0
Netherlands.....	(D)	5,022	5,068	9,041	11,259	14,586	(D)	3.6	3.4	5.8	6.5	7.5	29.6
Switzerland.....	5,947	5,998	4,941	5,430	6,205	6,949	4.1	4.3	3.3	3.5	3.6	3.6	12.0
United Kingdom.....	15,586	14,241	13,608	14,766	17,294	16,395	10.7	10.1	9.2	9.5	9.9	8.4	-5.2
Japan.....	40,766	38,531	41,010	42,506	43,889	49,789	28.0	27.4	27.8	27.3	25.2	25.5	13.4
Korea, Republic of.....	(D)	4,368	5,205	7,256	7,367	8,791	(D)	3.1	3.5	4.7	4.2	4.5	19.3
Other.....	25,111	25,556	29,336	28,848	31,165	34,429	17.3	18.2	19.9	18.6	17.9	17.6	10.5
<b>US imports shipped to affiliates:</b>													
<b>All countries</b> .....	<b>333,855</b>	<b>335,021</b>	<b>356,756</b>	<b>394,463</b>	<b>448,911</b>	<b>482,363</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>7.5</b>
Canada.....	19,070	18,634	23,012	26,102	26,095	19,242	5.7	5.6	6.5	6.6	5.8	4.0	-26.3
France.....	(D)	14,608	14,489	13,953	19,094	18,736	(D)	4.4	4.1	3.5	4.3	3.9	-1.8
Germany.....	56,477	57,386	62,062	61,701	61,704	68,306	16.9	17.1	17.4	15.6	13.7	14.2	10.7
Netherlands.....	16,227	14,817	14,893	18,692	30,779	33,440	4.9	4.4	4.2	4.7	6.9	6.9	8.6
Switzerland.....	8,010	8,438	9,173	10,205	13,325	16,575	2.4	2.5	2.6	2.6	3.0	3.4	24.4
United Kingdom.....	22,675	21,344	25,568	27,574	31,140	34,344	6.8	6.4	7.2	7.0	6.9	7.1	10.3
Japan.....	133,612	127,923	133,170	141,337	150,576	159,412	40.0	38.2	37.3	35.8	33.5	33.0	5.9
Korea, Republic of.....	(D)	19,966	22,081	28,968	31,220	34,810	(D)	6.0	6.2	7.3	7.0	7.2	11.5
Other.....	47,507	51,905	52,307	65,931	84,979	97,498	14.2	15.5	14.7	16.7	18.9	20.2	14.7

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 2001–2006.

Among Netherlands-owned affiliates, petroleum wholesalers accounted for much of the increase.

### Imports

Imports of goods by U.S. affiliates rose 7 percent in 2006, to \$482.4 billion, following an increase of 14 percent in 2005. Total U.S. imports grew 11 percent in 2006. As a consequence, the share of U.S. imports accounted for by affiliates fell to 26.0 percent in 2006 from 26.8 percent in 2005, continuing a long-term downward trend. Much of the increase in imports by affiliates in 2006 was accounted for by wholesale trade affiliates, especially those in motor vehicles, electrical goods, and machinery. Imports by manufacturing affiliates, especially transportation equipment manufacturers, also rose substantially.

Japanese-owned affiliates continued to account for the largest share of affiliate imports (33 percent). However, Japanese-owned affiliates' share declined in 2006, continuing a trend from the late 1990s, when Japanese-owned affiliates accounted for more than 40 percent of affiliate imports. As in previous years, the majority of imports by Japanese-owned affiliates were by wholesale trade affiliates, including affiliates that have significant secondary operations in transportation equipment manufacturing.

The largest increases in affiliate imports in dollar terms were by Japanese- and German-owned affiliates. The increase by Japanese-owned affiliates—from \$150.6 billion to \$159.4 billion—was largely in motor vehicle and motor vehicle parts and supplies wholesalers. The increase in imports by German-owned affiliates—from \$61.7 billion to \$68.3 billion—was mostly in electrical equipment and transportation equipment manufacturing. Imports by affiliates from smaller trading countries (those included in “Other” in table 9) increased substantially in 2006 and represented 20 percent of affiliate imports, up from 14 percent in 2001. Among these smaller countries, Venezuelan- and Saudi Arabian-owned affiliates accounted for about half of the increase in imports by affiliates in 2006. Imports by Canadian-owned affiliates fell 26 percent, largely as a result of decreased imports by affiliates in wholesale trade.

### Research and Development

In 2006, expenditures for research and development (R&D) performed by U.S. affiliates totaled \$34.3 billion, up 10 percent from 2005 (table 10). In 2005, the

most recent year for which data for R&D spending by all U.S. businesses are available, U.S. affiliates accounted for 14 percent of the total R&D performed by all U.S. businesses, a share notably higher than the affiliate shares of U.S. private industry value added or employment.

**Table 10. Research and Development Performed by Majority-Owned Nonbank U.S. Affiliates and All U.S. Businesses, 1997–2006**

	R&D performed by affiliates	R&D performed by all U.S. businesses <sup>1</sup>	R&D by affiliates as a percentage of R&D by all U.S. businesses
	Millions of dollars		
1997.....	17,216	157,739	10.9
1998.....	22,375	169,180	13.2
1999.....	24,027	182,711	13.2
2000.....	26,180	199,539	13.1
2001.....	26,463	198,505	13.3
2002.....	27,507	193,868	14.2
2003.....	29,803	200,724	14.8
2004.....	30,083	208,301	14.4
2005.....	31,099	226,159	13.8
2006.....	34,257	n.a.	n.a.

n.a. Not available

1. Data are from the National Science Foundation's Web site at <[www.nsf.gov/statistics/infbrief/nsf07335](http://www.nsf.gov/statistics/infbrief/nsf07335)>.

Affiliates of the seven largest investing countries in terms of value added accounted for more than 80 percent of the R&D performed by affiliates (table 11). The largest shares of affiliate R&D spending were by British- and German-owned affiliates, each of which accounted for just under 20 percent. R&D spending by British-owned affiliates was predominantly by manufacturing affiliates, notably those in chemicals and computers and electronic products. R&D spending by German-owned affiliates was also concentrated in manufacturing affiliates, especially affiliates in chemicals and transportation equipment.

In 2006 as in previous years, manufacturing affiliates accounted for a dominant share of R&D performed by affiliates (73 percent). Within manufacturing, affiliates in chemicals and transportation equipment accounted for the largest shares of R&D spending.

By country of ownership, the largest increases in R&D expenditures by affiliates were among British- and Swiss-owned affiliates. Among affiliates of both countries the increases were mostly by existing affiliates in pharmaceuticals.

U.S. affiliate R&D intensity—defined as R&D expenditures divided by value added—was highest in three manufacturing industries: chemicals (22 percent), computers and electronic products (15 percent), and transportation equipment (11 percent). By

country, R&D intensity was highest among Swiss- and German-owned affiliates (10 percent each), reflecting the prominence of affiliates of these countries

**Table 11. Research and Development Performed by Majority-Owned Nonbank U.S. Affiliates, by Country of UBO and by Industry of Affiliate, 2005 and 2006**

	R&D performed by affiliates (millions of dollars)		Share of the total		R&D intensity <sup>1</sup>	
	2005	2006	2005	2006	2005	2006
<b>All countries and industries</b> .....	<b>31,099</b>	<b>34,257</b>	<b>100.0</b>	<b>100.0</b>	<b>5.7</b>	<b>5.6</b>
<i>By country:</i>						
Canada.....	1,553	1,586	5.0	4.6	3.2	2.8
France.....	3,099	3,335	10.0	9.7	6.2	5.7
Germany.....	6,519	6,742	21.0	19.7	10.0	9.9
Netherlands.....	1,470	1,562	4.7	4.6	3.3	3.4
Switzerland.....	4,289	5,039	13.8	14.7	11.7	10.1
United Kingdom.....	5,994	6,801	19.3	19.9	5.3	5.7
Japan.....	3,576	3,995	11.5	11.7	5.1	5.3
Other.....	4,600	5,197	14.8	15.2	3.8	3.7
<i>By industry:</i>						
Manufacturing.....	21,506	25,035	69.2	73.1	8.7	9.4
Food.....	498	466	1.6	1.4	3.3	3.0
Beverages and tobacco products.....	43	50	0.1	0.1	0.6	0.6
Petroleum and coal products.....	(D)	(D)	(D)	(D)	(D)	(D)
Chemicals.....	9,888	12,750	31.8	37.2	19.9	21.6
Plastics and rubber products.....	342	371	1.1	1.1	3.2	3.5
Nonmetallic mineral products.....	219	216	0.7	0.6	1.1	1.0
Primary metals.....	90	57	0.3	0.2	0.7	0.5
Fabricated metal products.....	181	205	0.6	0.6	2.6	2.9
Machinery.....	1,552	789	5.0	2.3	7.8	5.8
Computers and electronic products... Electrical equipment, appliances, and components.....	2,847 (D)	3,072 1,329	9.2 (D)	9.0 3.9	17.7 (D)	15.2 9.8
Transportation equipment.....	4,244	4,198	13.6	12.3	12.4	11.2
Other.....	958	1,087	3.1	3.2	4.0	4.4
Wholesale trade.....	6,529	5,935	21.0	17.3	6.5	5.6
Information.....	1,009	967	3.2	2.8	3.5	2.9
Professional, scientific, and technical services.....	1,590	1,879	5.1	5.5	7.9	8.3
Other industries.....	464	441	1.5	1.3	0.3	0.2

D Suppressed to avoid disclosure of data of individual companies.  
1. R&D intensity is equal to R&D expenditures divided by value added.

**Table 12. Research and Development Performed by Majority-Owned Nonbank U.S. Affiliates and all U.S. Businesses, in Selected Industries, 2005**

	R&D performed by affiliates (millions of dollars)	R&D performed by all U.S. businesses <sup>1</sup> (millions of dollars)	R&D by affiliates as a percentage of R&D by all U.S. businesses
<b>All industries</b> .....	<b>31,099</b>	<b>226,159</b>	<b>13.8</b>
<b>Manufacturing</b> .....	<b>21,506</b>	<b>158,190</b>	<b>13.6</b>
<i>Of which:</i>			
Food.....	498	2,716	18.3
Petroleum and coal products.....	(D)	(D)	n.a.
Chemicals.....	9,888	42,995	23.0
<i>Of which:</i>			
Basic chemicals.....	513	2,277	22.5
Resins and synthetic rubber, fibers, and filaments.....	78	2,294	3.4
Pharmaceuticals and medicines.....	8,710	34,839	25.0
Plastics and rubber products.....	342	1,760	19.4
Machinery.....	1,552	8,531	18.2
Computers and electronic products.....	2,847	(D)	n.a.
Electrical equipment, appliances, and components	(D)	2,424	n.a.
Transportation equipment.....	4,244	(D)	n.a.
Miscellaneous manufacturing.....	47	5,143	0.9
<b>Information</b> .....	<b>1,009</b>	<b>23,836</b>	<b>4.2</b>
<b>Professional, scientific, and technical services</b>	<b>1,590</b>	<b>32,021</b>	<b>5.0</b>
<i>Of which:</i>			
Architectural, engineering, and related services	166	4,687	3.5
Computer systems design and related services	153	13,592	1.1
Other industries.....	6,994	12,112	(?)

n.a. Not available.

D Suppressed to avoid disclosure of data of individual companies.

1. Source: National Science Foundation.

2. Because of differences in industry classification, BEA data for U.S. affiliate R&D and NSF data for R&D by all U.S. businesses may not be compatible for all individual industries. Because this lack of compatibility may be particularly great for "other industries," the affiliate share of all R&D by U.S. businesses has not been computed for this industry category.

in R&D-intensive industries such as pharmaceuticals.

In 2005, the latest year for which data are available for all U.S. R&D performing companies, affiliates accounted for more than 20 percent of U.S. R&D spending in such manufacturing industries as basic chemicals and pharmaceuticals (table 12). The high shares are due both to the strong presence of U.S. affiliates in these industries and to the use of the United States by many foreign multinational companies as a center for conducting R&D. In contrast, in professional, technical, and scientific services, the U.S. affiliate share of private R&D spending was just 5 percent, reflecting the relative lack of foreign direct investment in that industry.

## Revisions

The estimates of U.S. affiliate operations in 2006 are preliminary. The estimates for employment, sales, and expenditures for property, plant, and equipment supersede the advance summary estimates for majority-owned affiliates that were released on April 17, 2008 (BEA news release 08-15). From the advance estimates to the preliminary estimates, the estimates of employment and sales were each revised up 1.1 percent, and the estimate of capital expenditures was revised up 13.5 percent.<sup>10</sup>

The final estimates of U.S.-affiliate operations in 2005 are also presented. The final estimates for employment, sales, and expenditures for property, plant, and equipment supersede the advance summary estimates for majority-owned affiliates from the April release and the preliminary estimates that were released in August 2007.<sup>11</sup> 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 0.6 percent, and the estimate of capital expenditures was revised up 11.9 percent. From the preliminary estimates to the final estimates, the estimate of employment was revised up 2.3 percent, the estimate of sales was revised up 0.6 percent, and the estimate of capital expenditures was revised up 8.5 percent.

10. The revision to the estimates for capital expenditures was large because in their initial reports to BEA, some U.S. affiliates excluded their spending for equipment that they leased or rented to others. Consequently, these expenditures were omitted from the April 2008 advance estimates. BEA worked with respondents to obtain these data, and they are now included in the estimates in this report.

11. See Thomas Anderson, "U.S. Affiliates of Foreign Companies: Operations in 2005," SURVEY 87 (August 2007): 194-211.

Tables 13.1-14.2 follow.







Table 14.1. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2005

	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)
<b>All countries</b> .....	<b>5,952,052</b>	<b>1,103,766</b>	<b>131,378</b>	<b>2,509,575</b>	<b>98,708</b>	<b>549,569</b>	<b>336,125</b>	<b>5,201.6</b>	<b>174,318</b>	<b>448,911</b>	<b>31,099</b>	
<b>Canada</b> .....	<b>443,048</b>	<b>105,947</b>	<b>9,651</b>	<b>180,911</b>	<b>8,000</b>	<b>48,103</b>	<b>28,609</b>	<b>466.5</b>	<b>8,171</b>	<b>26,095</b>	<b>1,553</b>	
<b>Europe</b> .....	<b>4,450,235</b>	<b>685,212</b>	<b>75,468</b>	<b>1,502,064</b>	<b>66,090</b>	<b>355,682</b>	<b>225,784</b>	<b>3,530.0</b>	<b>96,272</b>	<b>183,796</b>	<b>23,389</b>	
Austria .....	2,610	1,403	211	3,603	121	907	569	9.8	320	981	7	
Belgium .....	51,615	13,208	991	29,638	1,123	7,110	4,355	128.8	1,098	1,031	136	
Denmark .....	22,989	4,052	620	10,833	173	2,114	1,430	19.4	795	3,225	319	
Finland .....	14,669	7,463	(D)	20,341	96	3,758	2,771	31.9	2,315	6,340	(D)	
France .....	666,583	63,832	4,825	178,703	15,632	49,867	32,700	476.8	11,355	19,094	3,099	
Germany .....	621,965	219,824	35,180	341,880	6,429	65,379	44,238	645.8	37,619	61,704	6,519	
Ireland .....	19,004	7,522	543	13,931	296	4,122	2,796	42.6	188	518	247	
Italy .....	48,237	14,190	885	28,160	1,473	7,487	4,572	101.7	2,265	4,028	262	
Luxembourg .....	8,411	4,048	158	4,831	436	897	497	25.0	282	(D)	6	
Netherlands .....	632,466	71,219	5,756	260,769	9,473	44,546	26,046	437.7	11,259	30,779	1,470	
Norway .....	15,204	6,994	308	11,244	79	1,026	713	8.3	431	1,559	68	
Spain .....	42,277	4,328	670	7,877	220	2,138	1,345	31.9	582	413	(D)	
Sweden .....	36,190	14,627	1,377	48,662	1,853	12,681	9,179	199.3	4,121	7,352	272	
Switzerland .....	1,198,584	43,473	4,477	150,945	4,588	36,680	32,297	403.3	6,205	13,325	4,289	
United Kingdom .....	1,060,912	205,180	18,306	376,997	23,749	113,929	61,097	951.7	17,294	31,140	5,994	
Other .....	8,520	3,847	(D)	13,650	350	3,043	1,178	16.1	143	(D)	(D)	
<b>Latin America and Other Western Hemisphere</b> .....	<b>299,152</b>	<b>58,997</b>	<b>5,283</b>	<b>167,542</b>	<b>5,306</b>	<b>41,112</b>	<b>24,212</b>	<b>324.4</b>	<b>12,231</b>	<b>(D)</b>	<b>(D)</b>	
South and Central America .....	38,084	19,776	1,896	80,445	1,774	13,663	4,760	79.8	2,339	(D)	(D)	
Brazil .....	7,405	2,310	561	11,849	206	851	508	7.0	773	6,865	0	
Mexico .....	17,508	8,408	763	21,579	406	4,835	2,809	57.4	879	3,583	18	
Panama .....	1,381	(D)	76	1,104	90	(D)	(D)	H	(D)	35	(D)	
Venezuela .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(*)	(*)	
Other .....	(D)	1,014	(D)	(D)	(D)	450	315	6.2	184	1,755	3	
Other Western Hemisphere .....	261,068	39,221	3,387	87,097	3,532	27,449	19,452	244.6	9,892	4,978	1,121	
Bahamas .....	946	204	23	213	126	98	93	1.7	(D)	(D)	(*)	
Bermuda .....	181,775	28,581	2,511	67,462	2,149	21,313	15,606	194.5	8,994	3,503	909	
Netherlands Antilles .....	5,543	(D)	441	5,242	540	2,948	1,766	22.2	(D)	104	(D)	
United Kingdom Islands, Caribbean .....	72,702	(D)	408	14,037	764	3,035	1,974	26.1	104	(D)	(D)	
Other .....	102	33	4	143	-47	55	13	0.1	5	14	(D)	
<b>Africa</b> .....	<b>4,055</b>	<b>3,883</b>	<b>218</b>	<b>6,515</b>	<b>-227</b>	<b>953</b>	<b>716</b>	<b>8.6</b>	<b>502</b>	<b>458</b>	<b>35</b>	
South Africa .....	3,548	3,421	188	6,139	-268	894	679	8.0	501	456	35	
Other .....	507	462	30	375	41	59	37	0.6	(*)	2	0	
<b>Middle East</b> .....	<b>39,042</b>	<b>22,787</b>	<b>3,068</b>	<b>58,118</b>	<b>2,319</b>	<b>10,169</b>	<b>2,608</b>	<b>56.3</b>	<b>578</b>	<b>(D)</b>	<b>(D)</b>	
Israel .....	11,238	2,397	224	8,211	99	1,403	819	14.6	284	1,013	135	
Kuwait .....	2,664	2,214	197	2,256	139	(D)	(D)	G	1	(*)	0	
Lebanon .....	995	911	80	828	25	220	135	2.6	8	(*)	(*)	
Saudi Arabia .....	13,493	11,071	1,062	(D)	(D)	6,821	526	4.6	(D)	(D)	(D)	
United Arab Emirates .....	6,953	4,929	1,243	915	-29	299	132	7.5	(D)	74	0	
Other .....	3,699	1,264	262	(D)	(D)	(D)	(D)	J	98	293	42	
<b>Asia and Pacific</b> .....	<b>685,180</b>	<b>213,075</b>	<b>31,104</b>	<b>570,208</b>	<b>15,851</b>	<b>85,694</b>	<b>50,335</b>	<b>760.4</b>	<b>54,075</b>	<b>190,729</b>	<b>4,067</b>	
Australia .....	92,710	26,951	4,262	23,173	3,113	6,995	3,240	51.6	859	1,355	90	
China .....	1,136	343	44	2,040	-91	102	144	1.7	(D)	239	(D)	
Hong Kong .....	7,768	4,369	450	6,558	472	1,785	989	19.9	366	1,447	62	
India .....	1,307	340	35	2,781	46	885	730	12.4	15	27	0	
Japan .....	545,773	161,613	24,233	465,563	11,918	70,064	41,808	614.5	43,889	150,576	3,576	
Korea, Republic of .....	18,492	9,065	1,547	45,725	-67	2,238	1,268	18.1	7,367	31,220	(D)	
Malaysia .....	1,504	967	70	884	28	317	238	4.3	(D)	16	(D)	
New Zealand .....	674	77	9	1,605	26	126	73	1.4	(D)	1,204	0	
Singapore .....	6,997	2,794	164	7,597	145	1,318	863	17.5	(D)	786	25	
Taiwan .....	7,366	5,579	239	13,005	230	1,602	857	14.1	888	3,353	122	
Other .....	1,453	976	50	1,277	29	262	126	4.7	29	505	(*)	
<b>United States</b> .....	<b>31,339</b>	<b>13,865</b>	<b>6,586</b>	<b>24,218</b>	<b>1,369</b>	<b>7,855</b>	<b>3,861</b>	<b>55.3</b>	<b>2,489</b>	<b>4,120</b>	<b>692</b>	
<b>Addenda:</b>												
European Union (25) <sup>1</sup> .....	3,231,590	632,680	70,462	1,330,001	61,354	315,933	191,991	3,108.1	89,503	168,279	18,991	
OPEC <sup>2</sup> .....	(D)	25,490	(D)	87,872	3,348	14,468	1,400	19.0	496	(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. In 2005, its members were Algeria, Indo-

nesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Notes: Size ranges are given in employment cells that are suppressed. The size ranges are: 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 2005 are revised.

Table 14.2. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2006

	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)
<b>All countries</b> .....	<b>6,807,654</b>	<b>1,188,641</b>	<b>160,245</b>	<b>2,795,143</b>	<b>134,257</b>	<b>614,685</b>	<b>364,162</b>	<b>5,330.5</b>	<b>195,292</b>	<b>482,363</b>	<b>34,257</b>	
<b>Canada</b> .....	<b>610,167</b>	<b>113,259</b>	<b>(D)</b>	<b>196,051</b>	<b>13,844</b>	<b>56,738</b>	<b>31,733</b>	<b>457.4</b>	<b>9,052</b>	<b>19,242</b>	<b>1,586</b>	
<b>Europe</b> .....	<b>5,053,338</b>	<b>722,187</b>	<b>87,417</b>	<b>1,686,212</b>	<b>87,276</b>	<b>392,437</b>	<b>242,944</b>	<b>3,590.6</b>	<b>107,843</b>	<b>201,406</b>	<b>25,803</b>	
Austria .....	3,105	1,669	238	4,017	120	993	628	10.5	281	992	8	
Belgium .....	58,418	12,599	1,005	36,248	1,481	7,169	4,479	132.0	1,071	1,117	285	
Denmark .....	24,200	4,721	978	12,556	201	3,215	2,527	23.4	935	3,275	392	
Finland .....	15,263	7,957	(D)	21,804	1,211	4,155	2,885	33.5	2,460	6,350	(D)	
France .....	776,525	67,318	5,693	206,940	18,772	58,937	37,045	496.6	12,439	18,736	3,335	
Germany .....	667,703	243,327	37,804	371,499	8,529	67,918	44,604	664.4	42,869	68,306	6,742	
Ireland .....	26,654	9,461	708	19,363	701	5,996	3,766	59.0	189	459	209	
Italy .....	53,105	18,558	1,701	32,519	1,858	9,321	5,488	130.4	2,406	4,965	350	
Luxembourg .....	13,687	4,490	271	6,969	495	1,757	760	30.1	516	1,798	8	
Netherlands .....	724,446	82,109	7,269	314,751	14,568	45,784	28,577	445.2	14,586	33,440	1,562	
Norway .....	13,380	8,164	1,867	11,755	-622	228	590	7.8	518	2,174	15	
Spain .....	56,541	5,636	1,238	10,432	463	2,285	1,623	36.4	839	478	(D)	
Sweden .....	31,486	11,419	1,118	43,329	1,220	11,206	8,343	179.4	5,110	7,582	303	
Switzerland .....	1,404,231	48,432	5,366	176,844	7,715	50,113	36,046	416.1	6,949	16,575	5,039	
United Kingdom .....	1,174,039	191,449	20,455	403,060	30,443	120,265	64,255	908.8	16,395	34,344	6,801	
Other .....	10,554	4,879	(D)	14,125	122	3,094	1,329	17.0	279	815	32	
<b>Latin America and Other Western Hemisphere</b> .....	<b>319,028</b>	<b>67,050</b>	<b>8,022</b>	<b>189,396</b>	<b>8,972</b>	<b>50,030</b>	<b>27,349</b>	<b>358.3</b>	<b>13,265</b>	<b>(D)</b>	<b>(D)</b>	
South and Central America .....	41,325	21,737	(D)	92,511	2,878	15,709	5,832	113.1	2,853	(D)	(D)	
Brazil .....	8,307	2,783	(D)	12,351	219	814	591	8.2	647	6,439	(*)	
Mexico .....	18,657	9,173	1,156	24,881	390	5,914	3,016	58.8	970	4,575	18	
Panama .....	1,473	(D)	91	1,160	147	(D)	(D)	I	(D)	30	(D)	
Venezuela .....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(D)	0	
Other .....	(D)	1,265	289	(D)	(D)	1,310	1,049	36.5	215	2,016	3	
Other Western Hemisphere .....	277,702	45,312	(D)	96,885	6,094	34,321	21,517	245.2	10,412	6,581	1,273	
Bahamas .....	984	218	16	180	53	84	97	1.7	1	2	(*)	
Bermuda .....	195,986	32,499	3,150	73,219	3,968	25,438	16,804	193.8	(D)	4,542	959	
Netherlands Antilles .....	7,368	3,801	(D)	7,272	1,056	4,297	2,234	20.8	(D)	(D)	(D)	
United Kingdom Islands, Caribbean .....	73,248	8,760	1,344	16,062	1,059	4,484	2,368	28.8	163	(D)	(D)	
Other .....	116	34	7	152	-41	19	14	0.1	6	14	(D)	
<b>Africa</b> .....	<b>4,494</b>	<b>4,093</b>	<b>269</b>	<b>7,488</b>	<b>153</b>	<b>1,086</b>	<b>719</b>	<b>8.5</b>	<b>501</b>	<b>681</b>	<b>35</b>	
South Africa .....	3,812	3,525	158	6,933	-11	971	676	7.9	501	679	35	
Other .....	682	567	112	555	164	114	43	0.7	(*)	2	0	
<b>Middle East</b> .....	<b>62,058</b>	<b>29,125</b>	<b>4,998</b>	<b>66,124</b>	<b>2,893</b>	<b>12,729</b>	<b>3,617</b>	<b>72.7</b>	<b>744</b>	<b>(D)</b>	<b>(D)</b>	
Israel .....	22,798	3,098	336	11,938	-881	2,050	1,137	17.9	360	1,351	193	
Kuwait .....	3,839	(D)	231	1,879	254	(D)	(D)	H	1	(*)	0	
Lebanon .....	1,288	1,060	146	787	15	277	176	3.3	9	2	(*)	
Saudi Arabia .....	15,643	11,752	1,552	(D)	(D)	7,064	571	4.9	(D)	(D)	(D)	
United Arab Emirates .....	13,080	8,455	2,352	3,702	936	1,150	469	14.3	(D)	69	0	
Other .....	5,409	(D)	381	(D)	(D)	(D)	(D)	K	118	(D)	29	
<b>Asia and Pacific</b> .....	<b>726,656</b>	<b>240,744</b>	<b>38,986</b>	<b>625,274</b>	<b>19,708</b>	<b>93,625</b>	<b>53,755</b>	<b>788.1</b>	<b>61,292</b>	<b>203,783</b>	<b>4,589</b>	
Australia .....	94,484	38,316	5,370	28,259	5,310	7,992	3,828	59.1	994	1,755	127	
China .....	892	329	11	1,408	-21	105	101	1.2	55	127	9	
Hong Kong .....	7,612	4,635	509	9,662	210	1,969	1,136	19.9	133	1,676	75	
India .....	2,032	496	178	3,782	-21	1,171	1,015	16.2	69	210	0	
Japan .....	580,259	176,511	30,191	504,876	13,261	75,800	43,798	631.0	49,789	159,412	3,995	
Korea, Republic of .....	22,052	10,171	2,006	50,961	471	2,785	1,407	18.7	8,791	34,810	(D)	
Malaysia .....	1,553	989	67	1,007	58	370	262	4.8	(D)	18	(D)	
New Zealand .....	722	91	11	1,883	24	170	89	1.6	(D)	1,304	0	
Singapore .....	7,976	3,096	191	8,861	10	1,632	1,142	18.6	314	780	42	
Taiwan .....	7,614	5,157	399	13,339	385	1,397	857	13.4	886	3,097	111	
Other .....	1,459	954	52	1,237	21	233	120	3.7	16	594	(D)	
<b>United States</b> .....	<b>31,914</b>	<b>12,184</b>	<b>(D)</b>	<b>24,597</b>	<b>1,411</b>	<b>8,041</b>	<b>4,045</b>	<b>54.9</b>	<b>2,595</b>	<b>4,477</b>	<b>683</b>	
<b>Addenda:</b>												
European Union (25) <sup>1</sup> .....	3,629,524	662,728	79,343	1,487,612	79,954	339,774	205,420	3,155.2	100,188	182,027	20,717	
OPEC <sup>2</sup> .....	(D)	(D)	(D)	97,442	6,104	16,094	1,801	26.7	1,194	(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. In 2006, its members were Algeria, Indo-

nesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Notes: Size ranges are given in employment cells that are suppressed. The size ranges are: 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 2006 are preliminary.