

Taking Account...

Joint report offers new R&D data on multinationals

The Research and Development Data Link Project—a joint effort by the National Science Foundation, the Census Bureau, and the Bureau of Economic Analysis—has released new information on the research and development (R&D) activities of U.S. multinational companies (MNCs) and foreign MNCs with activities in the United States.

The report, *International Investment and R&D Data Link: 2004–07*, provides a wealth of previously unavailable statistics to inform policymakers, economists, and researchers.

Key insights include the following:

- U.S. multinational parent companies and U.S. affiliates of foreign MNCs together had 810,000 R&D employees. That's about 80 percent of all U.S. R&D employment.
- MNCs with facilities in the United States accounted for \$210.7 billion in R&D activities in 2007, compared with \$45.1 billion for nonMNCs.
- R&D by MNCs accounted for 82 percent of all industrial R&D activity in the United States in 2007. Specifically, MNCs accounted for 86 percent of basic research, 79 percent of applied research, and 83 percent of development activity.
- Manufacturing accounted for 76 percent of all R&D performed by U.S. multinational parent companies and for 78

percent of all R&D performed by U.S. affiliates.

- The top three states for R&D performed by U.S. parent companies and U.S. affiliates of foreign MNCs were California, Michigan, and New Jersey.
- U.S. multinational parent companies funded 88 percent of their U.S. R&D from their own (and other nonfederal) sources in 2007, while 12 percent was federally funded. U.S. affiliates of foreign MNCs funded 96 percent of their R&D from nonfederal sources.

For U.S. affiliates and for U.S. multinational parent companies, the report details R&D performance by industry, sources of funds, state, selected technology area, and character of work (basic, applied, and development activity). For U.S. affiliates of foreign MNCs, the report includes information on investing country. For U.S. MNCs, the report includes data on selected host countries and their overseas affiliates. The report also presents data on R&D employment of these companies.

The data link project report is the culmination of an effort that began in June 2002, when the National Center for Science and Engineering Statistics (NCSES) of the National Science Foundation (NSF) approached the Census Bureau and the Bureau of Economic Analysis (BEA) to propose a joint project to link statistics from the Census Bu-

reau's Survey of Industrial Research and Development (SIRD) to BEA's annual and benchmark surveys of foreign direct investment in the United States (FDIUS) and United States direct investment abroad (USDIA).

SIRD provides details on R&D activities by U.S.-located nonfarm for-profit companies with five or more employees, including character of work of R&D, and the U.S. state location of the R&D activity. However, it does not collect information on foreign ownership or overseas investments.

The BEA FDIUS survey provides a wealth of detailed statistical information on U.S. affiliates of foreign MNCs, while the USDIA survey provides comparable information on the domestic activities of parents of U.S. MNCs and their affiliates abroad.

The data link project essentially looked at the subset of companies in the SIRD that are also part of an MNC.

While the set of matched companies does not account for all U.S. R&D activity undertaken by U.S. multinational parent companies or U.S. affiliates of foreign MNCs, it accounts for more than 91 percent of such activity in all years.

The report is available on the NSF Web site at www.nsf.gov/statistics/rmlink/. An *InfoBrief* from NSF is available at www.nsf.gov/statistics/infbrief/nsf12332//nsf12332.pdf.