

Introduction

This report presents preliminary statistics that cover the financial structure and operations of U.S. multinational enterprises (MNEs) for the fiscal year 2012.

A U.S. MNE is a business enterprise that consists of a U.S. parent and its foreign affiliates. A U.S. parent is a U.S. person that has direct investment—that is, a 10-percent-or-more direct or indirect ownership interest—in a foreign business enterprise. A U.S. parent is a “person” in the broad legal sense defined to include a business enterprise, a religious, charitable, or other nonprofit organization, an individual, a government, an estate or trust, or another organization. In fact, almost all U.S. parents are business enterprises. A U.S. parent comprises the fully consolidated domestic operations of a U.S. MNE, covering operations in the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and all other U.S. areas.

A foreign affiliate is a foreign business enterprise in which there is U.S. direct investment, that is, in which a U.S. person owns or controls (directly or indirectly) 10 percent or more of the voting securities or the equivalent. Foreign affiliates comprise the foreign operations of a U.S. MNE over which the parent is presumed to have a degree of managerial influence. Data for foreign affiliates are presented for two categories of foreign affiliates—all affiliates and majority-owned affiliates, which are those that are owned more than 50 percent by their U.S. parent. Data are available in greater detail for majority-owned affiliates.

The data in this publication provide a comprehensive look at the finances and operations of U.S. MNEs. Data items include balance sheet items, such as assets and liabilities, employment and employee compensation, sales, capital expenditures, trade in goods, and expenditures for research and development (R&D). Data from the Bureau of Economic Analysis (BEA) provide comprehensive and reliable information needed to monitor, assess the impact of, and guide U.S. policy on U.S. direct investment abroad. They can be used to evaluate the consequences to the economies of the United States and foreign host countries of the actions of U.S. MNEs. The data give a detailed picture of the levels and growth of U.S. direct investment abroad, as well as its distribution by industry and by country.

U.S. MNE operations in the United States and abroad

The data on the operations of U.S. MNEs cover the entire operations, both domestic and foreign, of U.S. MNEs. The domestic operations are represented by the operations of the U.S. parents and the foreign operations are represented by the operations of the foreign affiliates. For comparison with the data on domestic operations, data for majority-owned foreign affiliates are often the preferred measure of foreign operations because these foreign affiliates are majority-owned, like the domestic operations covered by the U.S. parent data.

For selected statistics, including value added, employment, employee compensation, capital expenditures, and R&D expenditures, the data for U.S. parents can be summed together with the data for majority-owned foreign affiliates to arrive at an aggregate total value for U.S. MNEs. This summation can be used to examine the domestic and foreign split in the MNE worldwide operations. Comparisons by industry should be done using data by industry of U.S. parent so that the two data series are classified on a consistent basis.

For other statistics, including sales and assets, an MNE-wide total cannot be calculated because adding data for U.S. parents and foreign affiliates would result in duplication from transactions and positions within the MNE.

Comparability of U.S. parent data with all U.S. data

Measures of production and productive capacity of U.S. parents can be compared to data on all-U.S. private businesses to gauge the share of U.S. economic activity accounted for by U.S. parents. These data items include employment, employee compensation, value added, capital expenditures, and R&D expenditures.

For employment, comparable data for all U.S. private industry are available from BEA’s national income and product accounts (NIPAs) in line 3 (“private industries”) of table 6.4D “Full-Time and Part-Time Employees by Industry.” For employment by industry, data on employment for all U.S. private industries

in table 6.4D, which are by industry of establishment, are most comparable to BEA's data on U.S. parent employment by industry of sales, which approximate an establishment-based disaggregation. Data on parent employment by industry of sales are available only in benchmark survey years. Because 2012 was not a benchmark survey year, data on parent employment and all U.S. private employment by industry will not be entirely comparable.

For employee compensation, comparable data for all U.S. private industry are available from BEA's NIPAs in line 3 ("private industries") of table 6.2D "Wages and Salaries by Industry." As with data for employment, data on employee compensation for all U.S. private industries in table 6.2D are by industry of establishment and are not entirely comparable to the data for U.S. parent companies.

For value added, comparable data for all U.S. private industries are available from BEA's gross domestic product by industry accounts in line 2 ("private industries") of the "Value Added by Industry" table. As with data for employment and employee compensation, data on value added for all U.S. private industries are by industry of establishment and are not entirely comparable to the data for U.S. parent companies.

Data on capital expenditures by U.S. parents are comparable to the data for all U.S. companies from the Census Bureau's Annual Capital Expenditures Survey, table 4a, "Capital Expenditures for Structures and Equipment for Companies with Employees by Industry."

Data on R&D expenditures by U.S. parents are comparable to the data on U.S. business domestic research and development and innovation available from the National Science Foundation (NSF). Comparisons by industry are imprecise due to differences in the industry classification between BEA and NSF. For BEA, the industry classification of U.S. parent companies is based on their primary industry of sales, whereas the industry classification of R&D-performing U.S. companies in the NSF data is based on the company's dominant business code for domestic R&D performance.

Comparability of foreign affiliate data with foreign host economy data

Value added data on majority-owned foreign affiliates by country can be compared to data on gross domestic product in private industries for their respective foreign host countries. GDP by industry data for foreign countries are available from the United Nations.

Comparability of U.S. MNE data on trade in goods with total U.S. trade in goods

Trade in goods data for U.S. MNEs can be compared to total U.S. trade in goods to gauge the share of total U.S. trade in goods accounted for by U.S. MNEs. As global firms, MNEs export and import both final and intermediate goods.

Trade between U.S. parents and their foreign affiliates is referred to as intra-MNE trade; trade between U.S. parent companies and foreigners other than their own foreign affiliates and trade between foreign affiliates and U.S. residents other than their own parents are referred to as "MNE trade with others." U.S. MNE-associated trade in goods consists of all U.S. exports and U.S. imports of goods that involve U.S. parents or their foreign affiliates and is the sum of intra-MNE trade and "MNE trade with others."

Data collection and universe estimation

The statistics in this publication cover the universe of U.S. parent companies and their foreign affiliates. They were derived by combining the data that were reported in the Annual Survey of U.S. Direct Investment Abroad for U.S. parents and for a sample of foreign affiliates with BEA estimates for foreign affiliates not in the sample.

Data on U.S. parents were reported on the BE-11A survey form. The amount of data collected depended on the size of the parent company. A complete form was required for U.S. parents with assets, sales, or net income (or loss) greater than \$300 million. To minimize burden on survey respondents, smaller parents were required to report only certain key items. For these parents, BEA estimated the other items that appear on the BE-11A survey form, so that the results are presented in the same detail for all U.S. parents.

Foreign affiliates for which survey reports were filed consisted of (1) majority-owned foreign affiliates that had total assets, sales, or net income (or loss) greater than \$300 million, (2) a sample of majority-owned foreign affiliates that had total assets, sales, or net income (or loss) greater than \$60 million but not more than \$300 million, (3) minority-owned foreign affiliates that had total assets, sales, or net income (or loss) greater than \$60 million, and (4) foreign affiliates that were newly acquired or established in 2012 and that had total assets, sales, or net income (or loss) greater than \$25 million but not more than \$60 million. A full BE-11B form was required for majority-owned foreign affiliates with assets, sales, or net income (or loss)

greater than \$300 million. To minimize burden on survey respondents, only a partial BE-11B form was required for majority-owned foreign affiliates with assets, sales, or net income (or loss) greater than \$60 million but not more than \$300 million. For these affiliates, BEA estimated the items that are reported only for larger affiliates, so that the results are presented in the same detail for all majority-owned foreign affiliates. A BE-11C form, which is less detailed than the BE-11B form, was required for all minority-owned foreign affiliates that had total assets, sales, or net income (or loss) greater than \$60 million. Estimates of items that appear on the B form, but not on the C form, are not prepared for minority-owned affiliates. Therefore the results for all affiliates (majority-owned plus minority-owned affiliates) cover only the items that are on the less detailed C form. A BE-11D form, which is less detailed than the BE-11B or BE-11C forms, was required for foreign affiliates that were newly acquired or established in 2012 and that had total assets, sales, or net income (or loss) greater than \$25 million but not more than \$60 million. For new majority-owned affiliates, BEA estimated items that appear on the B form, but not on the D form, so that the results are presented in the same detail for all majority-owned foreign affiliates. For new minority-owned affiliates, BEA estimated items that appear on the C form, but not on the D form, so that the results are presented in the same detail for all minority-owned foreign affiliates.

A sample of smaller majority-owned foreign affiliates that had assets, sales, or net income (or loss) greater than \$60 million but not more than \$300 million (group (2), above) were filed on an abbreviated form (form BE-11E) with a few basic data items that were used as the basis for estimating data for other data items included on the B form.

Exempt from reporting on the 2012 BE-11 survey were affiliates that did not meet any of the aforementioned size thresholds. BEA estimated the data for these exempt affiliates, and for delinquent non-exempt affiliates, by extrapolating forward their data from earlier years, which, in some cases, was from the 2009 benchmark survey (or census) of U.S. direct investment abroad, on the basis of the year-to-year movement in the data reported for other affiliates.

Comparability to the 2009 benchmark survey data

The concepts and definitions underlying the 2012 statistics are the same as those used for the 2009 bench-

mark survey. They are described in *U.S. Direct Investment Abroad: 2009 Revised Benchmark Data*, published in April 2013, and available on BEA's Web site.

Consistent with the data from the 2009 benchmark survey, the 2012 statistics by industry are based on industry classifications derived from the 2007 revision to the North American Industry Classification System (NAICS). For most industries, the classifications under this new system are identical to those in the 2002 NAICS-based industry classification system used in the benchmark and annual surveys for 2004–2008.

Following a change introduced in the 2007 Annual Survey of U.S. Direct Investment Abroad and continued in the 2008–2011 surveys, the survey data for 2012 cover U.S. MNEs in all industries, including banking. Previously, bank MNEs were exempt from filing survey reports in nonbenchmark survey years, and, in benchmark surveys, they reported on a separate bank form that was less detailed than the forms filed by nonbank MNEs. Thus, before the 2007 annual survey, all of the tabulated statistics on MNE operations in nonbenchmark survey years, as well as most of the statistics in benchmark survey years, covered nonbank MNEs only. In this report, all tabulations cover both bank and nonbank MNEs.

The 2012 estimates update the universe data for U.S. MNEs from the 2009 benchmark survey. However, the 2012 estimates of some items that are shown separately in the benchmark data are combined with other items, and the 2012 estimates of some items are unavailable because data for these items were only collected in the benchmark survey, not in the annual survey. Some examples of data available only in the benchmark survey year are R&D employees of U.S. parents and foreign affiliates, U.S. exports of goods shipped to foreign affiliates by intended use, and additional detail on the destination of sales by foreign affiliates.

Data availability

Detailed statistics of U.S. MNE operations for 1983–2012 are available on BEA's Web site; for information on these statistics and how to access them, see www.bea.gov/international/index.htm.

Staff contacts

For additional information about the preliminary 2012 statistics, e-mail internationalaccounts@bea.gov.

**The Numbering Scheme for the Operations of
Multinational Companies in 2009–2012 and in 2004–2008—Continues**

2009–2012 (All Industries)	2004–2008 (Nonbank Industries)
Foreign Affiliates	
Group A. Selected Data	
I.A 2 I.A 2	II.A 1 II.A 2
Group B. Balance Sheet	
I.B 5 I.B 6	II.B 5 II.B 6 II.B 13
Group D. Income Statement	
I.D 3 I.D 4 I.D 9 I.D 10 I.D 12	II.E 3 II.E 4 II.E 6 II.E 7 II.E 9
Group G. Employment and Compensation of Employees	
I.G 1 I.G 2 I.G 3 I.G 4 I.G 5	II.H 3 II.H 4 II.H 5 II.H 6 II.H 10
Group H. U.S. Trade in Goods	
I.H 3 I.H 4 I.H 11 I.H 12	II.I 3 II.I 4 II.I 11 II.I 12
U.S. Parents	
Group K. Selected Data	
I.K 1	II.M 1
Group O. Sales	
I.O 1 I.O 2	II.Q 1 II.Q 2
Group P. Value Added	
I.P 1	II.R 1
Group R. U.S. Trade in Goods	
I.R 1 I.R 2	II.T 1 II.T 2
Majority-Owned Foreign Affiliates	
Group A. Selected Data	
II.A 1 II.A 2	III.A 1 III.A 2
Group B. Balance Sheet	
II.B 1–2 II.B 3–4 II.B 5 II.B 6 II.B 7 II.B 11–12	III.B 1–2 III.B 3–4 III.B 5 III.B 6 III.B 7 III.B 11–12 III.B 13

**The Numbering Scheme for the Operations of
Multinational Companies in 2009–2012 and in 2004–2008—Table Ends**

2009–2012 (All Industries)	2004–2008 (Nonbank Industries)
Majority-Owned Foreign Affiliates—Continued	
Group C. Property, Plant, and Equipment	
II.C 4 II.C 5 II.C 6	III.D 6 III.D 7 III.D 8
Group D. Income Statement	
II.D 1 II.D 2 II.D 3 II.D 4 II.D 8 II.D 9 II.D 10 II.D 11 II.D 12 II.D 13	III.E 1 III.E 2 III.E 3 III.E 4 III.E 5 III.E 6 III.E 7 III.E 8 III.E 9 III.F 22
Group E. Goods and Services Supplied	
II.E 1 II.E 2 II.E 3 II.E 4 II.E 7 II.E 8 II.E 9 II.E 10 II.E 11 II.E 12 II.E 13 II.E 15 II.E 17	III.F 1 III.F 2 III.F 3 III.F 4 III.F 7 III.F 8 III.F 9 III.F 13 III.F 14 III.F 15 III.F 16 III.F 18 III.F 20
Group F. Value Added	
II.F 1 II.F 2 II.F 3 II.F 4 II.F 5 II.F 6 II.F 7 II.F 8 II.F 9	III.G 1 III.G 2 III.G 3 III.G 4 III.G 5 III.G 6 III.G 7 III.G 8 III.G 9
Group G. Employment and Compensation of Employees	
..... II.G 1 II.G 2 II.G 3 II.G 4 II.G 5	III.H 1 III.H 2 III.H 3 III.H 4 III.H 5 III.H 6 III.H 10
Group H. U.S. Trade in Goods	
II.H 1 II.H 2 II.H 3 II.H 4 II.H 5 II.H 11 II.H 12 II.H 13	III.I 1 III.I 2 III.I 3 III.I 4 III.I 5 III.I 11 III.I 12 III.I 13
Group I. Research and Development	
II.I 3 II.I 12	III.J 3 III.J 12
Group J. Other Financial and Operating Data	
II.J 1 II.J 2	III.K 1 III.K 2

General Notes to the Tables

- The estimates are on a fiscal year (FY) basis; an affiliate's fiscal year is defined as the financial reporting year that ended in that calendar year. Unless otherwise specified, all balances are as of the close of FY 2012.
- Detail may not add to totals because of rounding.
- An asterisk “(*)” indicates a value between -\$500,000 and +\$500,000, or fewer than 50 employees, as appropriate.
- A “(D)” indicates that the data in the cell have been suppressed to avoid disclosure of data of individual companies.
- A “U.S. parent company” is the person, resident in the United States, that owns or controls 10 percent or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise. “Person” is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization (whether or not organized under the laws of any state), or any government entity. If incorporated, the U.S. parent is the fully consolidated U.S. enterprise consisting of (1) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation (including Foreign Sales Corporations located within the United States) whose voting securities are more than 50 percent owned by the U.S. corporation above it. A U.S. parent comprises the domestic (U.S.) operations of a U.S. multinational enterprise.
- A “foreign affiliate” is a foreign business enterprise in which there is U.S. direct investment, that is, in which a U.S. person owns or controls 10 percent of the voting securities or the equivalent. Foreign affiliates comprise the foreign operations of a U.S. multinational company over which the U.S. parent is presumed to have a degree of managerial influence.
- A “majority-owned foreign affiliate” (MOFA) is a foreign affiliate in which the combined direct and indirect ownership interest of all U.S. parents exceeds 50 percent.
- The designation “by country” in a table title indicates that data are disaggregated by country of foreign affiliate.
- Unless otherwise specified, the designation “by industry” in a table title indicates that the data are disaggregated by industry of foreign affiliate.
- Not all tables show each country in a group, such as “Other Europe,” or each industry in a group, such as “Other industries.” For these countries, see table I.A 1 or II.A 1. For the industries, see table I.A 2 or II.A 2; see also BEA's *Guide to Industry and Foreign Trade Classifications for International Surveys*.
- “Eastern Europe” comprises Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.
- The European Union (27) comprises Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.
- OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Angola, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
- All footnotes follow the last table.