

U.S. Affiliates of Foreign Companies

Operations in 2004

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

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

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

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

	Value added		Employment	
	Millions of dollars	As a percentage of U.S. private industry value added	Thousands of workers	As a percentage of U.S. private industry employment
1988	146,424	3.8	3,119.0	3.5
1989	168,547	4.0	3,573.4	3.9
1990	190,477	4.3	3,841.7	4.2
1991	207,126	4.6	3,991.3	4.4
1992	214,781	4.5	3,903.9	4.3
1993	223,008	4.4	3,851.7	4.1
1994	244,690	4.5	3,954.0	4.1
1995	254,938	4.5	4,022.6	4.0
1996	283,422	4.7	4,155.6	4.1
1997	313,655	4.9	4,269.1	4.1
1998	353,860	5.2	4,669.5	4.3
1999	397,295	5.6	5,064.3	4.6
2000	447,287	5.9	5,656.5	5.0
2001	417,122	5.4	5,594.3	4.9
2002	460,609	5.8	5,425.4	4.9
2003 ^r	475,062	5.7	5,244.4	4.7
2004 ^p	514,957	5.7	5,116.4	4.5

Percent change from preceding year			
1989	15.1	.....	14.6
1990	13.0	.....	7.5
1991	8.7	.....	3.9
1992	3.7	.....	-2.2
1993	3.8	.....	-1.3
1994	9.7	.....	2.7
1995	4.2	.....	1.7
1996	11.2	.....	3.3
1997	10.7	.....	2.7
1998	12.8	.....	9.4
1999	12.3	.....	8.5
2000	12.6	.....	11.7
2001	-6.7	.....	-1.1
2002	10.4	.....	-3.0
2003 ^r	3.1	.....	-3.3
2004 ^p	8.4	.....	-2.4

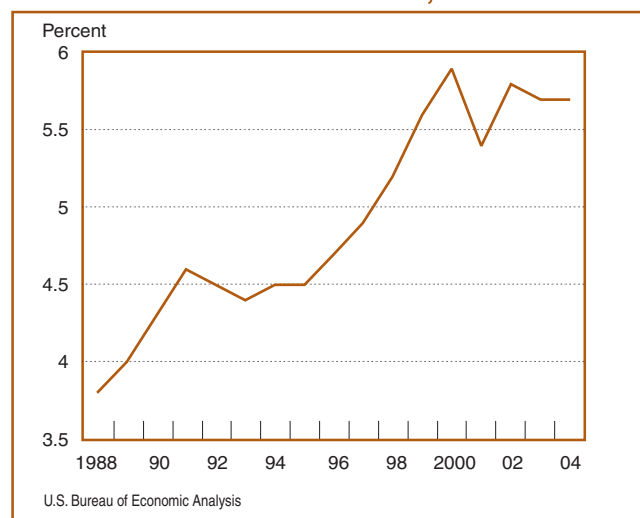
^p Preliminary
^r Revised

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

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

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

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



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

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

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

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

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

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

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

Key Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

Value Added

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

By country of ownership

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

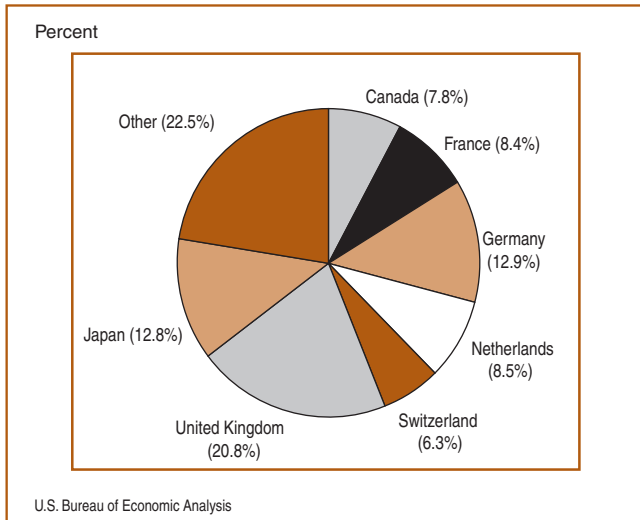
5. The rate of change in U.S. value added in private industries serves as a convenient benchmark against which the increase in U.S.-affiliate value added can be evaluated. However, the two growth rates are not strictly comparable, because the growth rate of U.S.-affiliate value added partly reflects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

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

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

D Suppressed to avoid disclosure of data of individual companies.

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



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

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

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

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

By industry of UBO

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

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

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

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

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

* Non-zero values between -0.05 and 0.05.

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

By industry of affiliate

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

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

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

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

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

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

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

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

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

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

D Suppressed to avoid disclosure of data of individual companies.

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

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

Employment

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

Data on Foreign Direct Investment in the United States

BEA collects three broad sets of data on foreign direct investment in the United States: (1) Financial and operating data of U.S. affiliates, (2) data on U.S. businesses newly acquired or established by foreign direct investors (new investment data), and (3) international transactions (balance of payments) and direct investment position data. This article presents the financial and operating data. The new investment data were published in “Foreign Direct Investment in the United States: New Investment in 2005” in the June 2006 SURVEY OF CURRENT BUSINESS. The international transactions and direct investment position data were published in the articles “The International Investment Position of the United States at Yearend 2005,” “U.S. International Transactions: First Quarter of 2006,” and “Direct Investment Positions for 2005: Country and Industry Detail,” in the July 2006 SURVEY.

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

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

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

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

New investment data. The data on outlays by foreign direct investors to acquire or establish affiliates in the United States are collected on a calendar year basis in BEA’s annual survey of new foreign direct investment. In addition, the surveys of new investment collect selected data on the operations of the newly acquired or established affiliates. For newly acquired affiliates, these data are for (or as of the end of) the most recent fiscal year preceding the acquisition, and for newly established businesses, they are projected for (or as of the end of) the first year of operation. The data cover the entire operations of the business irrespective of the percentage of foreign ownership.

International transactions and direct investment position data. These data are collected in the quarterly surveys of foreign direct investment. The data cover the U.S. affiliate’s transactions and positions with its foreign parent and with other members of its foreign parent group, so these data focus on the foreign parent’s share, or interest, in the affiliate rather than on the affiliate’s overall size or level of operations. The major items included in the U.S. international transactions (balance of payments) accounts are direct investment financial flows, direct investment income, royalties and license fees, and other services transactions with the foreign parent group.

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

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

By industry

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

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

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

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

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

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

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

D Suppressed to avoid disclosure of data of individual companies.

n.a. Not applicable

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

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

3. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates shown in this table differ from those shown in table 7. In this table, employment is classified by industry of sales, and the total for manufacturing includes some nonmanufacturing employees (see the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry"), whereas in

table 7, affiliate manufacturing employment consists only of employees on the payrolls of manufacturing plants. Data on the latter basis are not available for the industries within manufacturing shown in this table. In addition, the total for manufacturing in this table includes oil and gas extraction, which is excluded from the total in table 7.

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

5. This line includes all employment that U.S. affiliates did not specify in terms of industry of sales when they filled out their survey forms. Affiliates that filed the long form (that is, affiliates with assets, sales, or net income or loss greater than \$100 million in 1999–2001 and greater than \$125 million in 2002–2004) had to specify only their 10 largest sales categories, and affiliates that filed the short form had to specify only their 4 largest sales categories.

NOTES: A significant portion of U.S.-affiliate employment in petroleum and coal products is accounted for by integrated petroleum companies that have, in addition to their manufacturing employees, substantial numbers of employees in petroleum extraction; because these employees cannot be identified separately, they are included in petroleum and coal products manufacturing. For consistency, employees of affiliates classified in the "oil and gas extraction without refining" industry and employees of all U.S. businesses in oil and gas extraction are also included in petroleum and coal products manufacturing rather than in mining.

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

affiliates, especially in manufacturing. In California, affiliate employment decreased 11,000 or 2 percent. In Hawaii, employment decreased 3,600, or 10 percent; until 2002, Hawaii had the largest share of affiliate employment. The decrease in Hawaii was mainly due to selloffs of affiliate operations.

Employment by affiliates increased substantially in Arizona and Mississippi. In Arizona, employment by affiliates rose 4,900, or 8 percent. The rise was due to

increases in employment at existing affiliates and the acquisition of U.S.-owned companies by foreign investors. In Mississippi, employment rose 3,800, or 18 percent, the largest percentage increase of any state.

In manufacturing, the affiliate shares of employment in 2004 were highest in Delaware (25.2 percent), South Carolina (22.5 percent), and New Hampshire (21.2 percent) (table 7). In both Delaware and New Hampshire, most of the manufacturing employees

Table 7. Manufacturing Employment by Majority-Owned Nonbank U.S. Affiliates by State, 1999–2004

	Thousands of employees						Percentage of total manufacturing employment in the state or area ¹					
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
Total²	2,036.5	2,118.8	1,934.9	1,811.9	1,667.4	1,574.2	11.7	12.2	11.6	11.8	11.4	10.9
New England	115.3	127.7	125.6	105.7	99.8	91.7	12.2	13.6	13.8	12.8	12.9	12.2
Connecticut.....	28.7	32.2	35.7	29.4	28.8	26.3	11.9	13.7	15.7	13.8	14.3	13.3
Maine.....	11.0	11.4	11.4	9.6	7.3	7.9	13.6	14.3	15.1	13.9	11.3	12.4
Massachusetts.....	50.0	53.3	51.2	42.5	40.2	35.4	12.4	13.1	13.1	12.1	12.3	11.2
New Hampshire.....	16.4	20.8	18.2	17.6	18.2	17.1	16.0	20.4	18.6	20.6	22.5	21.2
Rhode Island.....	6.3	6.1	5.2	4.1	3.4	3.2	8.6	8.6	7.6	6.5	5.8	5.5
Vermont.....	2.8	3.9	3.9	2.5	1.9	1.9	6.2	8.4	8.5	6.2	5.0	5.0
Mideast	267.8	M	261.3	248.6	229.8	209.6	11.9	(D)	12.1	(D)	12.3	11.5
Delaware.....	7.2	I	9.4	8.1	9.9	8.8	16.9	(D)	23.7	21.9	27.8	25.2
District of Columbia.....	0.4	0.4	0.4	0.7	0.4	0.5	10.5	11.5	11.0	(D)	13.8	20.6
Maryland.....	18.5	21.8	20.1	16.2	15.5	13.9	10.9	12.6	11.8	10.2	10.5	9.6
New Jersey.....	65.4	64.0	64.9	67.2	56.5	51.6	15.8	15.2	16.1	18.2	16.1	15.1
New York.....	66.5	77.9	74.7	67.2	59.9	53.6	8.8	10.5	10.5	10.2	9.7	8.9
Pennsylvania.....	109.9	111.7	91.9	89.3	87.5	81.3	12.6	13.0	11.1	11.7	12.2	11.7
Great Lakes	498.0	516.4	455.8	433.7	396.7	370.7	12.3	12.8	12.0	12.3	11.8	11.2
Illinois.....	101.5	109.7	97.4	88.8	79.8	71.0	11.6	12.7	11.9	11.7	11.1	10.1
Indiana.....	102.0	99.9	96.0	87.1	82.2	80.8	15.3	15.1	15.5	14.7	14.3	14.1
Michigan.....	113.9	133.9	102.2	93.6	89.3	84.3	12.8	15.0	12.3	12.3	12.3	12.0
Ohio.....	129.0	118.7	111.4	109.2	99.0	95.0	12.6	11.7	11.6	12.3	11.7	11.5
Wisconsin.....	51.6	54.2	48.7	55.0	46.4	39.6	8.7	9.1	8.7	10.4	9.1	7.8
Plains	132.3	132.8	135.8	120.4	112.9	106.6	9.4	9.5	10.1	9.5	9.2	8.7
Iowa.....	21.9	22.4	22.1	20.2	21.1	19.6	8.7	8.9	9.1	8.8	9.5	8.7
Kansas.....	18.1	18.3	14.0	15.1	13.7	13.5	8.9	9.2	7.1	8.3	7.8	7.6
Minnesota.....	31.0	32.2	31.2	26.2	22.4	21.5	7.9	8.2	8.2	7.3	6.4	6.2
Missouri.....	45.1	46.2	51.8	42.4	39.8	38.6	12.1	12.7	15.1	13.0	12.7	12.3
Nebraska.....	10.1	8.2	8.2	7.8	8.9	7.3	9.0	7.2	7.4	7.3	8.7	7.2
North Dakota.....	2.3	2.0	4.5	4.0	3.7	2.8	10.0	8.2	18.4	16.5	15.7	11.5
South Dakota.....	3.7	3.5	4.0	4.7	3.2	3.3	8.4	8.0	9.6	12.1	8.5	8.5
Southeast	593.7	596.8	543.9	533.7	490.6	473.1	13.6	13.9	13.3	14.0	13.5	13.2
Alabama.....	42.7	41.1	36.7	37.0	34.4	31.7	12.0	11.8	11.1	11.9	11.6	10.8
Arkansas.....	22.1	23.7	22.8	20.3	19.1	18.3	9.2	9.9	10.0	9.4	9.2	8.9
Florida.....	41.4	49.2	46.0	41.5	35.2	34.7	9.1	10.9	10.5	10.1	9.0	8.8
Georgia.....	76.4	79.0	70.4	68.8	65.3	59.3	14.0	14.6	13.8	14.4	14.4	13.1
Kentucky.....	57.3	60.7	55.8	53.9	51.1	47.4	18.5	19.6	18.9	19.4	19.0	17.8
Louisiana.....	22.0	22.0	19.5	16.9	15.8	15.4	12.2	12.4	11.2	10.4	10.1	10.1
Mississippi.....	11.8	9.6	9.9	12.7	9.4	13.2	5.1	4.3	4.9	6.7	5.2	7.3
North Carolina.....	116.4	113.6	96.6	93.4	82.2	78.4	15.0	15.0	13.6	14.4	13.5	13.4
South Carolina.....	69.4	70.0	65.9	70.8	63.9	60.7	20.8	21.0	20.8	24.2	22.8	22.5
Tennessee.....	75.6	72.7	70.0	67.6	67.6	67.0	15.3	14.9	15.3	15.7	16.3	16.2
Virginia.....	46.8	42.4	38.2	37.9	35.8	37.8	12.8	11.8	11.0	11.7	11.6	12.5
West Virginia.....	11.7	12.9	12.1	12.9	10.7	9.3	15.3	17.1	16.6	18.6	16.4	14.6
Southwest	169.8	184.7	160.8	136.9	125.0	118.1	11.4	12.4	11.1	10.3	9.9	9.4
Arizona.....	15.0	16.2	15.1	13.0	13.7	12.7	7.3	7.8	7.5	7.0	7.7	7.1
New Mexico.....	2.7	3.8	2.7	1.8	1.3	1.7	6.7	9.2	6.6	4.7	3.6	4.7
Oklahoma.....	15.3	15.5	15.5	14.5	12.2	11.2	8.6	8.8	9.1	9.5	8.5	7.8
Texas.....	136.8	149.2	127.5	107.6	97.7	92.6	12.9	14.0	12.3	11.3	10.8	10.3
Rocky Mountain	33.7	K	35.9	36.7	29.8	29.0	8.1	(D)	8.8	(D)	8.4	8.0
Colorado.....	16.3	24.4	19.0	19.9	15.5	14.4	8.7	12.9	10.4	11.9	9.8	9.3
Idaho.....	4.8	H	3.8	3.7	3.2	4.5	6.9	(D)	5.5	5.7	5.1	7.2
Montana.....	2.1	0.9	2.1	2.0	0.6	0.6	9.4	4.1	9.9	9.7	3.1	2.9
Utah.....	9.4	10.1	10.0	9.7	9.4	8.0	7.4	8.0	8.2	8.5	8.4	7.0
Wyoming.....	1.1	1.0	0.9	1.4	1.1	1.5	10.6	9.8	9.2	(D)	11.9	16.2
Far West	218.1	226.2	206.7	187.2	171.4	163.6	8.8	9.1	8.6	8.5	8.2	7.9
Alaska.....	1.3	1.5	1.7	2.1	1.9	2.0	10.7	11.6	13.6	18.6	15.9	16.1
California.....	168.4	175.0	161.3	146.2	133.5	126.1	9.2	9.4	9.0	8.9	8.6	8.2
Hawaii.....	1.2	1.2	0.9	1.0	0.6	0.7	7.8	7.7	5.5	6.4	4.3	4.8
Nevada.....	4.6	4.7	4.8	4.7	4.0	4.2	11.4	11.2	10.9	10.9	8.9	9.0
Oregon.....	18.0	19.3	15.6	12.7	11.1	10.7	8.1	8.6	7.2	6.2	5.6	5.3
Washington.....	24.5	24.5	22.3	20.5	20.3	19.8	7.2	7.4	7.0	7.1	7.6	7.5
Puerto Rico.....	7.5	8.4	8.1	8.5	8.5	7.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other U.S. areas ³	0.3	0.3	1.0	0.5	2.8	H	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Foreign ⁴	0.0	0.0	0.0	(*)	0.3	F	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.

Table 10.1. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Industry of Affiliate, 2003

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All industries.....	5,100,796	1,047,010	109,126	2,122,683	30,416	475,062	316,369	5,244.4	147,643	356,756	29,803
Manufacturing.....	1,031,801	487,037	41,761	848,174	5,633	220,637	146,636	2,117.4	87,841	138,802	20,988
Food.....	47,375	18,977	1,308	47,790	64	9,268	6,647	115.3	7,591	2,080	166
Beverages and tobacco products.....	29,309	8,264	759	23,025	-1,201	7,142	3,347	57.3	915	1,857	(D)
Textiles, apparel, and leather products.....	(D)	2,861	154	3,654	-36	1,239	980	20.1	419	324	30
Paper.....	20,198	17,255	958	16,002	-392	4,438	3,145	47.9	1,151	2,953	67
Printing and related support activities.....	10,675	6,098	334	11,449	191	4,877	3,583	61.6	252	208	50
Petroleum and coal products.....	(D)	(D)	(D)	63,914	2,569	18,373	4,725	33.0	(D)	5,761	(D)
Chemicals.....	241,727	107,208	(D)	162,526	6,206	47,307	28,900	308.7	15,718	21,524	9,957
Basic chemicals.....	27,594	31,201	1,504	23,153	-648	6,117	3,990	43.5	3,880	2,027	589
Resins and synthetic rubber, fibers, and filaments.....	31,221	25,507	(D)	29,917	-115	5,370	2,995	37.0	3,215	3,769	311
Pharmaceuticals and medicines.....	118,526	33,960	3,073	77,202	2,245	25,340	16,119	151.3	6,234	13,606	8,505
Soap, cleaning compounds, and toilet preparations.....	44,891	6,354	447	18,132	4,537	6,610	2,884	37.6	588	464	304
Other.....	19,496	10,185	574	14,121	186	3,869	2,911	39.3	1,801	1,659	248
Plastics and rubber products.....	28,620	19,041	1,256	32,170	-248	9,553	7,327	126.6	2,577	4,903	423
Nonmetallic mineral products.....	61,117	46,730	2,729	41,482	911	14,913	9,076	154.3	1,375	1,473	198
Primary and fabricated metals.....	42,573	28,144	1,612	45,154	-579	11,796	9,069	140.0	3,480	6,929	194
Primary metals.....	21,544	16,311	954	22,815	-753	4,029	3,150	47.3	2,089	4,611	28
Fabricated metal products.....	21,029	11,833	658	22,340	174	7,767	5,920	92.8	1,392	2,318	165
Machinery.....	91,576	22,526	2,772	63,358	-2,850	19,712	17,292	246.2	8,367	9,010	1,572
Agriculture, construction, and mining machinery.....	40,863	4,579	464	15,309	-499	3,272	3,415	50.4	3,032	1,536	361
Industrial machinery.....	6,140	2,284	171	7,047	-464	1,833	1,900	25.0	1,072	1,021	223
Other.....	44,573	15,663	2,137	41,002	-1,887	14,607	11,977	170.8	4,263	6,453	988
Computers and electronic products.....	81,402	29,121	2,478	74,830	-305	18,782	14,660	180.9	(D)	19,835	3,340
Computers and peripheral equipment.....	(D)	1,883	(D)	8,840	-268	1,929	1,617	19.0	941	3,893	145
Communications equipment.....	26,963	7,384	473	13,081	142	3,919	3,531	35.4	1,538	(D)	1,403
Semiconductors and other electronic components.....	16,465	9,687	522	16,796	-174	3,458	2,027	33.9	4,838	4,762	444
Navigational, measuring, and other instruments.....	16,912	4,314	(D)	12,585	-291	5,327	4,228	60.0	1,865	785	1,278
Other.....	(D)	5,852	473	23,527	286	4,149	3,256	32.7	(D)	(D)	70
Electrical equipment, appliances, and components.....	25,888	8,761	1,354	19,611	-129	5,235	4,225	80.1	2,697	1,818	336
Transportation equipment.....	228,866	110,015	14,736	208,911	1,573	34,800	24,661	382.9	28,031	56,111	3,669
Motor vehicles, bodies and trailers, and parts.....	212,405	105,078	14,486	194,236	3,036	32,336	21,497	336.3	26,171	54,108	3,386
Other.....	16,461	4,938	250	14,675	-1,463	2,464	3,164	46.6	1,860	2,003	283
Other.....	61,095	(D)	1,281	34,298	-142	13,200	8,999	162.4	3,840	4,015	681
Wholesale trade.....	450,203	192,876	24,627	652,888	17,184	86,568	40,123	529.1	54,738	206,519	6,030
Motor vehicles and motor vehicle parts and supplies.....	100,357	51,989	12,571	136,466	3,178	11,138	5,511	64.6	7,454	21,541	466
Electrical goods.....	38,383	10,918	888	65,490	139	8,970	6,388	73.6	7,595	34,275	1,554
Petroleum and petroleum products.....	145,710	(D)	(D)	214,506	8,167	30,290	5,223	51.4	10,817	29,130	(D)
Other.....	165,752	(D)	(D)	236,427	5,700	36,169	23,023	339.5	28,872	71,573	(D)
Retail trade.....	60,081	41,702	5,022	121,517	909	27,843	17,064	582.2	591	3,771	(D)
Food and beverage stores.....	38,047	31,321	3,417	89,421	866	20,282	12,308	432.3	(*)	(D)	(*)
Other.....	22,034	10,381	1,605	32,096	42	7,561	4,757	149.9	591	(D)	(D)
Information.....	267,248	41,766	6,694	81,731	-4,584	26,049	17,689	239.9	998	1,084	852
Publishing industries.....	74,766	5,836	618	26,044	-221	10,138	7,220	93.9	559	139	632
Motion picture and sound recording industries.....	46,882	3,457	379	12,158	152	2,862	1,665	30.0	(D)	(D)	1
Telecommunications.....	57,938	23,660	4,643	18,372	-4,662	3,149	2,561	38.6	1	(D)	9
Other.....	87,662	8,814	1,054	25,158	147	9,899	6,243	77.3	(D)	(D)	210
Finance (except depository institutions) and insurance... ..	2,716,162	32,283	6,497	174,072	7,649	22,961	32,539	240.7	0	0	13
Finance, except depository institutions.....	1,676,761	17,941	5,328	60,158	3,495	10,621	19,029	107.4	0	0	12
Insurance carriers and related activities.....	1,039,401	14,342	1,169	113,914	4,155	12,341	13,510	133.3	0	0	1
Real estate and rental and leasing.....	88,568	73,985	6,876	19,729	767	9,928	2,071	35.6	(D)	390	9
Real estate.....	74,784	65,595	5,396	14,542	867	7,715	1,103	19.2	5	1	(*)
Rental and leasing (except real estate).....	13,783	8,390	1,480	5,188	-100	2,213	968	16.4	(D)	389	8
Professional, scientific, and technical services.....	67,164	9,997	967	49,293	31	16,694	14,453	175.2	(D)	282	1,379
Architectural, engineering, and related services.....	9,528	2,059	167	7,414	-475	2,691	2,719	41.5	225	87	75
Computer systems design and related services.....	10,714	3,050	384	12,329	-620	6,920	6,172	61.5	11	(D)	278
Management, scientific, and technical consulting.....	10,440	477	38	1,684	849	819	627	7.7	0	0	3
Other.....	36,482	4,411	378	27,865	278	6,264	4,935	64.6	(D)	(D)	1,023
Other industries.....	419,569	167,364	16,682	175,280	2,827	64,383	45,794	1,324.2	2,908	5,907	(D)
Agriculture, forestry, fishing, and hunting.....	4,015	2,689	242	2,158	39	596	385	8.1	305	84	82
Mining.....	56,701	34,235	3,045	17,548	351	8,498	4,364	61.0	2,323	175	333
Utilities.....	90,839	62,154	6,044	36,422	577	9,411	2,684	34.8	(D)	5,403	5
Construction.....	17,918	8,024	2,833	27,973	407	5,567	4,383	63.0	121	37	7
Transportation and warehousing.....	42,917	27,540	2,005	35,245	7	10,582	8,439	199.8	(D)	(D)	0
Management of nonbank companies and enterprises.....	122,174	558	56	1,467	1,312	-544	365	3.8	0	6	(*)
Administration, support, and waste management.....	26,954	3,455	414	19,580	307	13,304	12,272	491.1	(*)	0	4
Health care and social assistance.....	9,331	3,210	328	7,998	232	4,213	3,179	80.9	(D)	(D)	(D)
Accommodation and food services.....	41,006	19,862	1,327	22,207	-145	10,775	8,413	338.7	(*)	2	0
Miscellaneous services.....	7,714	5,638	388	4,682	-258	1,981	1,309	43.2	27	39	(*)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

Note. Estimates for 2003 are revised.

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

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

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

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

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

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

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

Estimates for 2003 are revised.

