

## U.S. Direct Investment Abroad

The Bureau of Economic Analysis (BEA) produces comprehensive statistics on U.S. direct investment abroad that are essential to the compilation of the U.S. economic accounts and for the analysis of multinational enterprises (MNEs). The statistics, which are widely recognized to be the world's most complete and accurate of their kind, are obtained from mandatory surveys. U.S. direct investment abroad is defined as ownership by a U.S. investor of at least 10 percent of a foreign business. The direct investor is known as a **U.S. parent**, and the U.S.-owned foreign business is known as a **foreign affiliate**. The combined global operations of a U.S. parent company and its foreign affiliates constitute a U.S. MNE.

BEA publishes two broad sets of statistics on U.S. direct investment abroad: (1) Direct investment transactions and positions statistics, and (2) statistics on the activities of U.S. MNEs. Both sets are derived from data collected on surveys of U.S. MNEs conducted by BEA and are available in considerable detail by country and by industry.

### Direct investment transactions and positions statistics

Direct investment transactions statistics cover the foreign affiliates' transactions with their U.S. parents, so these statistics focus on the U.S. parent's share, or interest, in its affiliates rather than on the affiliates' overall size or level of operations. These statistics are essential to the compilation of the U.S. International Transactions Accounts, the International Investment Position (IIP), and the National Income and Product Accounts. The major items include financial transactions, which measure the funds that U.S. parents provide to their foreign affiliates, and income, which measures the return on those funds. All of these items are flows and provide measurement for a particular time frame, such as for a quarter or for a year.

Direct investment position statistics are stocks and are cumulative; they measure the total outstanding level of U.S. direct investment abroad at yearend. Direct investment is recorded in the IIP at market value, and supplemental information is provided both at historical cost and at current cost. For the historical-cost statistics, tables are published by country and by industry.

### Activities of multinational enterprises statistics

Statistics on the activities of U.S. MNEs provide a picture of the financial structure and operations of foreign affiliates and U.S. parent companies using a wide variety of

economic indicators. The statistics on foreign affiliates cover the entire operations of the affiliate, irrespective of the percentage of U.S. ownership. These statistics cover items that are needed in analyzing the characteristics, performance, and economic impact of MNEs, such as sales, value added, employment and compensation of employees, capital expenditures, exports and imports, and research and development expenditures.

Separate tabulations are available for affiliates that are majority-owned by their U.S. parent because the concept of majority control is often important in the analysis of MNEs.

### Uses of the statistics

The statistics can be used to measure the scale of the global business activity of U.S. MNEs and its impact on the U.S. economy and on foreign host economies. For example, the statistics can be used to measure:

- The current-dollar value of, and returns on, U.S. direct investment abroad
- The shares of U.S. and foreign gross domestic product, employment, exports and imports of goods, capital stock, and research and development accounted for by U.S. MNEs



Researchers have used the statistics to analyze:

- The characteristics of firms, industries, and countries that influence the decision to undertake direct investment abroad
- The impact of U.S. direct investment abroad on employment, wages, productivity, and tax revenues

### For more information

All of these statistics are available on BEA's Web site in customizable interactive tables at [www.bea.gov/iTable/index\\_MNC.cfm](http://www.bea.gov/iTable/index_MNC.cfm). They are also available in both Adobe® PDF and MS Excel® formats.

For more information, see the following articles that appear annually in the SURVEY OF CURRENT BUSINESS, BEA's

monthly online journal:

- "U.S. Direct Investment Abroad: Detailed Historical-Cost Positions and Related Financial Transactions and Income Flows" in the September issue of the SURVEY
- "Direct Investment Positions: Country and Industry Detail" in the July issue of the SURVEY
- "Activities of U.S. Multinational Enterprises" in the August or November issues of the SURVEY

The SURVEY articles referenced above are available on the BEA Web site at [www.bea.gov](http://www.bea.gov).

E-mail [internationalaccounts@bea.gov](mailto:internationalaccounts@bea.gov) if you have questions on BEA's U.S. direct investment abroad statistics.