

## **Foreign Direct Investment in the United States: Revised Data From the 2007 Benchmark Survey**

This report presents revised data on the financial structure and operations of U.S. affiliates of foreign direct investors, together with newly tabulated data on their direct investment positions and transactions with their foreign parents, from the 2007 Benchmark Survey of Foreign Direct Investment in the United States. A U.S. affiliate is a 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 or an equivalent interest. Benchmark surveys, which are conducted once every five years, are the most comprehensive surveys of foreign direct investment conducted by BEA in terms of both coverage of companies and subject matter. In the 2007 survey, reporting was mandatory for all U.S. affiliates.

The statistics from the 2007 benchmark survey presented in this report cover the universe of all U.S. affiliates of foreign companies. Two related types of data for U.S. affiliates are presented: (1) financial and operating data, and (2) direct investment position and balance of payments data. The financial and operating data provide a variety of indicators of the overall operations of U.S. affiliates, including balance sheets and income statements; value added; goods and services supplied; taxes; property, plant, and equipment; employment and compensation of employees; U.S. trade in goods; and research and development activities. These data cover the entire operations of the U.S. affiliate regardless of the percentage of foreign ownership.

The direct investment position and balance of payments data cover the U.S. affiliates' transactions and positions with its foreign parent and with other members of its foreign parent group. As a result, 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. Balance of payments data include data on financial flows between U.S. affiliates and their foreign parent groups and payments of income by U.S. affiliates to their foreign parent groups. In conjunction with the sample data collected in BEA's quarterly surveys of foreign direct investment in the United States, the direct

investment position and balance of payments data collected in the benchmark survey are the source of the official estimates of direct investment that enter the U.S. national and income accounts (NIPAs) and the U.S. international investment position and international transactions (or balance of payments) accounts.

The concepts and definitions underlying the 2007 data are essentially the same as those used for BEA's 2002 benchmark survey. They are described in *Foreign Direct Investment in the United States: Final Results From the 2002 Benchmark Survey*, which was published in October 2006.<sup>1</sup> The methodology of the 2007 survey will be published in a comprehensive final report on the 2007 benchmark survey results next year.

The industry classification system used in the 2007 benchmark survey is based on 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 2002-2006.

Every U.S. affiliate was required to report in the benchmark survey for 2007. As in previous benchmark surveys, separate survey forms were used for bank and nonbank affiliates. For the financial and operating data, bank affiliates in the past reported only a very limited amount of information and only in benchmark surveys. For 2007, the collection of data on affiliate operations for bank affiliates was expanded to cover several core data items, including all of the items needed to compute value added. Beginning with the annual survey for 2008, financial and operating data for bank affiliates are being collected annually, at the same level of detail as the data for nonbank affiliates.

For nonbank affiliates, as in earlier surveys, the amount of financial and operating information collected in the 2007 benchmark survey varied by affiliate size and whether or not the affiliate was majority-owned by foreign direct investors. In order to minimize the reporting burden of small enterprises, nonbank affiliates that did not have total assets, sales, or net income (or loss) of more than \$15 million were only required to report some basic identification

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<sup>1</sup> The 2002 benchmark survey publication is available on BEA's Web site at [www.bea.gov](http://www.bea.gov).

information and a few items indicating affiliate size—including total assets, sales, net income, and employment—on an abbreviated miniform. Nonbank affiliates with total assets, sales, or net income greater than \$15 million but not greater than \$40 million were required to file a complete miniform, which requested additional information on a few other measures of affiliate operations, including employee compensation, R&D expenditures, and expenditures for property, plant, and equipment. Together, affiliates that filed the miniform accounted for a very small share of the data for all affiliates in terms of value: They accounted for 0.3 percent of the total assets, 0.9 percent of the sales, and 1.8 percent of the employment of affiliates.

A long form that requested detailed information for nonbank affiliates was filed only by majority-owned affiliates with total assets, sales, or net income of more than \$175 million. The size threshold for reporting on the long form had been \$125 million in the 2002 benchmark survey; it was raised in order to reduce the burden on respondents. Smaller majority-owned affiliates with total assets, sales, or net income between \$40 million and \$175 million filed a short form; in the 2002 benchmark survey, majority-owned affiliates filed on the short form if they had total assets, sales, or net income between \$30 million and \$125 million. For those majority-owned affiliates not required to file a long form (that is, affiliates that filed a short form or miniform), BEA estimated the items that are only on the long form, so that the published results could be presented in the same detail for all majority-owned affiliates. Thus, for every data item in the tables for majority-owned affiliates, the statistics presented cover the universe of majority-owned U.S. affiliates.

The short form was also filed by all minority-owned nonbank affiliates (that is, by affiliates that were owned 50 percent or less by foreign direct investors) with total assets, sales, or net income of more than \$40 million; because the estimates of items that are only on the long form are not prepared for these affiliates, the published results for all affiliates cover only the items that are on the short form. Smaller minority-owned affiliates (those with total assets, sales, and net income all less than \$40 million) filed a miniform; for these affiliates, BEA estimated the items that were collected on the short form but not on the miniform. For every data item in the

tables for all (majority-owned plus minority-owned affiliates), the statistics presented cover the universe of all U.S. affiliates.

Direct investment position and balance of payments data were collected for bank affiliates on the bank form and for nonbank affiliates on the long and short forms. For small nonbank affiliates that filed a miniform, the direct investment position and balance of payments data were estimated from the information reported on affiliate operations. For every item in the tables for the direct investment position and balance of payments data, the statistics cover the universe of all U.S. affiliates. In this report, the direct investment and balance of payments data are presented on a fiscal-year basis and are not adjusted to reflect current-period prices. Prior to their inclusion in the international accounts and the NIPAs, these data are adjusted to reflect current-period prices and are adjusted from a fiscal-year basis to a calendar-year basis.<sup>2</sup> The adjusted data for 2007 will be extrapolated forward to derive universe estimates for calendar years after 2007 on the basis of sample data collected in BEA's quarterly surveys for those years.

The financial and operating data from the benchmark survey extend the statistics that begin with the statistics for 1977 and that are derived from both annual and benchmark surveys. In addition, the benchmark survey data will be used in preparing annual statistics on U.S. affiliate operations in subsequent nonbenchmark years; these statistics are derived by extrapolating forward the benchmark survey data by the sample data reported in BEA's annual surveys of foreign direct investment in the United States.

Beginning with the presentation of results from the 2007 benchmark survey, most of the tabulations of affiliate financial and operating data cover bank as well nonbank affiliates.<sup>3</sup> In future presentations of annual data on U.S. affiliate operations, for 2008 forward, the data for bank and nonbank affiliates will be combined in all tabulations. In addition, because of increases in the thresholds for reporting on survey forms—both in the 2007 benchmark survey and in the

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<sup>2</sup> For a discussion, see the methodology section in *Foreign Direct Investment in the United States: Final Results From the 2002 Benchmark Survey*.

<sup>3</sup> Some items that were not collected on the bank form of the 2007 benchmark survey were estimated for bank affiliates using information reported on their reports on the 2008 annual survey.

follow-on annual surveys for 2008 forward—the level of detail in standard presentations by industry and by investing country has been reduced to ensure that the published statistics continue to meet standards for statistical quality.

### **Relation to previous publications**

For the financial and operating data, the statistics for 2007 in this report update statistics for 1977-2006 contained in other BEA reports. For similar items, the benchmark survey data for all (bank and nonbank) affiliates in this report are comparable to the statistics for nonbank affiliates in the reports for earlier years. Table 1 provides cross-references between the financial and operating data tables for all affiliates in this report and the corresponding tables for nonbank affiliates in the benchmark survey report for 2002 and in the annual reports for 2003-2006. As shown, some of the tables for all affiliates in this report have counterparts for nonbank affiliates in the 2002 benchmark survey report but not in the annual survey reports for 2003-2006, because they cover items that are not collected in nonbenchmark survey years. In addition, several tables for nonbank affiliates in the reports for 2002 or 2003-2006 do not have counterparts for all affiliates in this report. In some of the cases for which there are no counterparts, the earlier tables presented data items—such as trade in goods by product—that were discontinued from data collection in the 2007 benchmark survey. In other cases, the earlier tables presented data items not collected on the bank form that were discontinued from data collection in the annual surveys for 2008 forward (so that they could not be estimated for bank affiliates in 2007 using information from the 2008 reports); these include tables that presented detail by account on assets and liabilities and on changes in property, plant, and equipment, as well as all of the tables on the external financial position of affiliates (Group C in the reports for earlier years).

In the data reports for 2008 forward, there will be no basis for distinguishing bank and nonbank affiliates, as they will report on the same survey forms. For transition purposes, this report includes, in Part III, selected tables for nonbank affiliates. Cross-references between these tables and their counterparts in the reports for 2002-2006 are presented in Table 2.

Detailed statistics of U.S. affiliate operations for 1977-2007 are available on BEA's Web site; for information on these statistics and how to access them, see [www.bea.gov/international/index.htm](http://www.bea.gov/international/index.htm).

For the direct investment position and balance of payments data, the tables for all affiliates presented in Part I, Group I of this publication are comparable to, but less detailed than, the tables for all nonbank affiliates presented in Part II, Groups K through M of the 2002 benchmark survey final publication. Tables on direct investment royalties and license fees and charges for other services (which were presented for all nonbank affiliates in Part II, Group N of the 2002 publication) are not included in this publication because the underlying data were not collected in the 2007 benchmark survey. Data on direct investment royalties and license fees and charges for other services for U.S. affiliates are instead collected in BEA's benchmark and quarterly surveys of transactions in selected services and intangible assets with foreign persons; country-level tables for these data are presented in an annual article on U.S. international services in the October issue of the *Survey of Current Business*.

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Table 1. Comparison of Financial and Operating Data Tables for All (Bank and Nonbank) Affiliates in This Report With Those for Nonbank Affiliates in the 2002 Benchmark Survey Report and in the Reports for 2003-2006

Table for all (bank plus nonbank) affiliates in 2007 benchmark survey report	Comparable table for nonbank affiliates in 2002 benchmark survey report	Comparable table for nonbank affiliates in 2003-2006 reports
All Affiliates		
Group A. Selected Data		
I.A 1--I.A 5 .....	II.A 1--II.A 5 .....	II.A 1--II.A 5 .....
I.A 7 .....	II.A 7 .....	II.A 7 .....
I.A 9 .....	II.A 10 .....	II.A 10 .....
Group B. Balance Sheet		
I.B 1--I.B 2 .....	n.a. ....	n.a. ....
I.B 3 .....	II.B 5 .....	II.B 5 .....
Group C. Gross Property, Plant, and Equipment		
I.C 3 .....	II.D 3 .....	II.D 3 .....
I.C 7 .....	II.D 11 (Part) .....	II.D 11 (Part) .....
Group D. Income Statement		
I.D 3 .....	II.E 3 .....	II.E 3 .....
Group F. Employment and Compensation of Employees		
I.F 3 .....	II.G 3 .....	II.G 3 .....
I.F 18 .....	II.G 19 (Part) .....	II.G 19 (Part) .....
Majority-Owned Affiliates		
Group A. Selected Data		
II.A 1--II.A 8 .....	III.A 1--III.A 8 .....	III.A 1--III.A 8 .....
II.A 9 .....	III.A 10 .....	III.A 10 .....
Group B. Balance Sheet		
II.B 1 .....	III.B 1 (Part), III.B 2 (Part) ..	III.B 1 (Part), III.B 2 (Part) ..
II.B 2 .....	III.B 3 (Part), III.B 4 (Part) ..	III.B 3 (Part), III.B 4 (Part) ..
II.B 3--II.B 4 .....	III.B 5--III.B 6 .....	III.B 5--III.B 6 .....
II.B 5--II.B 7 .....	III.B 7--III.B 9 .....	n.a. ....
Group C. Gross Property, Plant, and Equipment		
II.C 1--II.C 3 .....	III.D 1--III.D 3 .....	III.D 1--III.D 3 .....
n.a. ....	III.D 4--III.D 5 .....	n.a. ....
n.a. ....	III.D 6--III.D 7 .....	III.D 6--III.D 7 .....
n.a. ....	III.D 8 .....	n.a. ....
II.C 5--II.C 9 .....	III.D 9--III.D 13 .....	III.D 9--III.D 13 .....
II.C 10--II.C 12 .....	III.D 14--III.D 16 .....	n.a. ....
II.C 13--II.C 18 .....	III.D 17--III.D 22 .....	III.D 17--III.D 22 .....
II.C 19 .....	n.a. ....	n.a. ....
n.a. ....	III.D 23 .....	III.D 23 .....
n.a. ....	III.D 24--III.D 25 .....	n.a. ....
Group D. Income Statement		
II.D 1--II.D 4 .....	III.E 1--III.E 4 .....	III.E 1--III.E 4 .....
II.D 5--II.D 6 .....	III.E 5--III.E 6 .....	n.a. ....
II.D 7--II.D 8 .....	III.E 7--III.E 8 .....	III.E 7--III.E 8 .....
II.D 9 .....	III.E 9 .....	n.a. ....
II.D 10--II.D 15 .....	III.E 10--III.E 15 .....	III.E 10--III.E 15 .....
Group E. Value Added		
II.E 1--II.E 3 .....	III.F 1--III.F 3 .....	III.F 1--III.F 3 .....
II.E 4 .....	III.F 4 .....	n.a. ....
II.E 5--II.E 6 .....	III.F 5--III.F 6 .....	III.F 5--III.F 6 .....
Group F. Employment and Compensation of Employees		
II.F 1--II.F 4 .....	III.G 1--III.G 4 .....	III.G 1--III.G 4 .....

II.F 5 .....	III.G 5 .....	n.a. ....
II.F 6--II.F 8 .....	III.G 6--III.G 8 .....	III.G 6--III.G 8 .....
II.F 9 .....	III.G 9 .....	n.a. ....
II.F 10--II.F 11 .....	III.G 10--III.G 11 .....	III.G 10--III.G 11 .....
II.F 12 .....	III.G 12 .....	n.a. ....
II.F 13 .....	III.G 13 .....	III.G 13 .....
II.F 14 .....	III.G 14 .....	n.a. ....
III.F 15--III.F 16 .....	III.G 15--III.G 16 .....	III.G 15--III.G 16 .....
n.a. ....	III.G 17 .....	III.G 17 .....
II.F 17 .....	III.G 18 .....	III.G 18 .....

Group G. U.S. Trade in Goods

II.G 1--II.G 4 .....	III.H 1--III.H 4 .....	III.H 1--III.H 4 .....
II.G 5 .....	III.H 5 .....	n.a. ....
II.G 6--II.G 7 .....	III.H 6--III.H 7 .....	III.H 6--III.H 7 .....
II.G 8 .....	III.H 8 .....	n.a. ....
n.a. ....	III.H 9--III.H 21 .....	n.a. ....
II.G 9--II.G 23 .....	III.H 22--III.H 36 .....	n.a. ....
II.G 24 .....	III.H 37 .....	III.H 37 .....

Group H. Interest, Dividends, Taxes Other Than Income Taxes,  
and Research and Development Expenditures

II.H 1--II.H 2 .....	III.I 1--III.I 2 .....	III.I 1--III.I 2 .....
II.H 3--II.H 5 .....	III.I 3--III.I 5 .....	n.a. ....
II.H 6 .....	III.I 6 .....	III.I 6 .....

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n.a. Not available.

Table 2. Comparison of Tables for Majority-Owned Nonbank Affiliates  
in This Report With Those in the 2002 Benchmark Survey Report  
and in the Reports for 2003-2006

Table in 2007 benchmark survey report	Comparable table in 2002 benchmark survey report/1/	Comparable table in 2003-2006 reports/1/
Group A. Selected Data		
III.A 1 .....	III.A 1 .....	III.A 1 .....
III.A 3 .....	III.A 3 .....	III.A 3 .....
III.A 5 .....	III.A 5 .....	III.A 5 .....
III.A 9 .....	III.A 10 .....	III.A 10 .....
Group C. Gross Property, Plant, and Equipment		
III.C 4 .....	III.D 6 (Part) .....	III.D 6 (Part) .....
III.C 7 .....	III.D 11 .....	III.D 11 .....
Group F. Employment and Compensation of Employees		
III.F 18 .....	III.G 8 (Part), III.G 13 (Part) ...	III.G 8 (Part), III.G 13 (Part) ...

1. List excludes Part III tables that do not have counterparts in the 2007 benchmark survey report.