Methodology

The 2009 Benchmark Survey of U.S. Direct Investment Abroad was conducted by the Bureau of Economic Analysis (BEA) to obtain complete and accurate data on U.S. direct investment abroad in 2009. Reporting on the survey was mandatory under the International Investment and Trade in Services Survey Act.[1] Benchmark surveys, which are conducted every 5 years, are BEA's most comprehensive surveys of U.S. direct investment abroad, in terms of both the coverage of companies and the amount of information that is collected; the last benchmark survey covered the year 2004.[2]

This document presents the final results of the 2009 benchmark survey in 140 tables that present nearly all of the data collected. Three related types of data are presented: (1) foreign-affiliate financial and operating data, (2) U.S.-parent financial and operating data, and (3) 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. parent companies and their foreign affiliates, including balance sheets and income statements; value added; the value of goods and services supplied; taxes; property, plant, and equipment; employment and compensation of employees; U.S. trade in goods; and research and development activities.

The direct investment position and balance-of-payments data cover positions and transactions between foreign affiliates and their U.S. parents. These data focus on the U.S. parent's share, or interest, in the foreign affiliate rather than on the foreign affiliate's overall size or level of operations. Balance-of-payments data include data on financial flows between U.S. parents and their foreign affiliates and receipts of income accruing to U.S. parents from their foreign affiliates.[3] The sample data collected in BEA's quarterly surveys of U.S. direct investment abroad and the direct investment position and balance-of-payments data collected in the benchmark survey are the sources for the official estimates of direct investment-related measures that are included in the U.S. national income and product accounts (NIPAs), the U.S. international transactions (or balance-of-payments) accounts, and the U.S. net international investment position. The direct investment financial flows, income, and position data collected in the benchmark survey are presented in this document on a historical-cost basis. Prior to their inclusion in the international accounts and the NIPAs, they are adjusted at the global level to reflect current-period prices.

The amount and type of data collected for foreign affiliates in the survey differed, depending on whether the foreign affiliates were majority-owned or minority-owned. In this document, data for foreign affiliates and for their U.S. parents are presented separately for three groups of affiliates: (1) All foreign affiliates and all U.S. parents (Group I), (2) majority-owned affiliates (Group II), (3) majority-owned nonbank affiliates of nonbank U.S. parents (Group III).[4] Most of the tables cover all majority-owned affiliates of U.S. parents (Group II). A variety of table formats are used: some tables present data for several related items, each of which is disaggregated by country or by industry; other tables present data for a single item disaggregated by country or industry and cross-classified by industry or country.

Each table is identified by an alphanumeric code consisting of (1) a Roman numeral (I, II, or III) to indicate the group covered, (2) a capital letter to indicate the general subject matter and (3) an Arabic numeral to indicate the specific subject matter of the table.[5] For example, table I.B5 covers all foreign affiliates of all U.S. parents (Group I), is part of the group of tables that covers affiliates' balance sheets, and provides data specifically on total assets disaggregated by country and cross-classified by major industry. If a given table

1. Public Law 472, 94th Cong., 90 Stat. 2059, 22 U.S.C. 3101–3108, passed by Congress in 1976 and amended in 1984 and 1990.

2. See U.S. Bureau of Economic Analysis, *U.S. Direct Investment Abroad: 2004 Final Benchmark Data* (Washington, DC: U.S. Government Printing Office, November 2008).

3. The term "financial flows" replaces the previously used term "capital flows." This change was made to more consistently reflect the current nomenclature used in international economic accounts and in the U.S. international transactions accounts.

4. In this document, the term "bank" is used to describe parents and affiliates that are classified under the BEA international surveys industry "depository credit intermediation," which includes bank holding companies, credit unions, and savings institutions as well as commercial banks. Beginning with the 2009 benchmark survey, the nonbank units of U.S. banks (including bank and financial holding companies) were consolidated in the reports of the banks that owned them; previously, these units were required to file separate reports.

5. The letters A to J indicate that the table contains foreign affiliate financial and operating data; K to T, U.S. parent financial and operating data; and U to W, direct investment position and balance of payments data.

is published for more than one affiliate group, it will have the same letter and Arabic numeral designation to indicate that the general and specific subject matters of the tables are the same, but it will have different Roman numerals to indicate that a different grouping of affiliates is being covered. The Organization of Tables list on pages "M–28 to M–30" indicates the tables included in this document for each of the three groups. The columns represent the three groups and the rows list the different tables. A "✓" in the column for a given affiliate group means that the listed table is published for the affiliates in that group or for their U.S. parents.

The financial and operating data from the benchmark survey extend the statistics that begin with estimates for 1982 and that are derived from both annual and benchmark surveys.[6] The data from the benchmark survey will be used as the primary basis for expanding the data for nonbenchmark years to universe levels. Data for nonbenchmark years are collected in BEA's quarterly and annual cutoff sample surveys, which cover a sample of U.S. parents and their foreign affiliates above a size-exemption level.

Beginning with the presentation of results from the 2009 benchmark survey, most of the tabulations of financial and operating data cover both bank and nonbank foreign affiliates and both bank and nonbank U.S. parents. In previous benchmark survey publications, most of the tabulations covered only nonbank foreign affiliates and nonbank U.S. parents because only a few items on operations were collected on the separate survey forms for bank foreign affiliates and bank U.S. parents. For nonbenchmark-survey years before 2007, bank foreign affiliates and bank U.S. parents were exempt from filing survey forms; therefore, all of the tabulated statistics on U.S. multinational company operations for non-benchmark years before 2007 covered only nonbank U.S. parents and nonbank foreign affiliates.

Beginning with data for 2007, BEA closed a significant gap in its coverage of U.S. multinational company operations by requiring banks to file on the Annual Survey of U.S. Direct Investment Abroad survey (the BE–11). However, while some tabulations were presented for 2007 and 2008 covering all affiliates of all U.S. parents, most tabulations were of nonbank affiliates of nonbank parents to maintain continuity with the data published for earlier years. Beginning with the presentation for 2009, the preponderance of tabulations has shifted to all U.S. parents (bank and nonbank) and all foreign affiliates. The one table in Group III is provided as a bridge to the earlier tables.

The data for all U.S. parents (bank and nonbank) and all foreign affiliates will be combined in all tabulations in future presentations of annual data on U.S. multinational company operations for 2010 forward.

The statistics for 2009 presented in this report extend the financial and operating data time series that began with 1982. They are derived from data reported on both annual and benchmark surveys. Table 1 provides cross references between the financial and operating data tables for all parents and affiliates in this report and the corresponding tables for nonbank parents and affiliates in both the benchmark survey report for 2004 and in the annual reports for 2005–2008.

The financial and operating data collected and tabulated from the 2009 benchmark survey provide more detailed information on the operations of majority-owned foreign affiliates (that is affiliates that are owned more than 50 percent by their U.S. parent) than on the operations of all (majority-owned plus minority-owned) foreign affiliates. There are several reasons to focus on the majority-owned foreign affiliates (MOFAs). First, one of the principle uses of BEA's data on the operations of U.S. multinational companies is to examine the effects of the actions of U.S. MNCs on the economies of the United States and foreign host countries. Understanding the actions of these companies requires a conceptual framework in which an economic actor *controls* the global activities of an MNC; majority-ownership guarantees that control exists. Second, a focus on MOFAs puts the statistics on foreign affiliates on the same basis as the statistics on the U.S. parent, which are defined to include all domestic operations that are majority-owned. Third, a focus on MOFAs is warranted because the data cover all the operations of foreign affiliates. For example, all employment is included irrespective of the percentage of ownership. Most affiliates are in fact majority-owned; MOFAs accounted for 82.8 percent of employment by all foreign affiliates in 2009.

Tables on direct investment royalties and license fees and charges for other services, which were presented in Category Z of the 2004 publication, are not included in this document because the underlying data were not collected in the 2009 benchmark survey. Data on direct investment-related royalties and license fees and charges for other services for U.S. parents were instead collected in BEA's benchmark and quarterly surveys of transactions in selected services and intangible assets with foreign persons, the BE–120 and BE–125, respectively. Country-level tables for these data are presented in an annual article on U.S. international services in the October issues of the Survey of Current Business.

6. Estimates for nonbenchmark survey years from BEA's annual surveys provide information similar to that collected in the benchmark surveys, but they are less detailed.

Table 1. Correspondence Between Numbering Schemes for Tables in this Document Covering All Industries and Those in the 2004 Benchmark Survey Publication and in the Publications for 2005–2008 Covering Nonbank Industries—Continues

Table in 2009 benchmark survey (All Industries)	Comparable table in 2004 benchmark survey (Nonbank Industries)	Comparable table in 2005–2008 reports (Nonbank Industries)
Foreign Affiliates		
Selected Data		
I.A 1	II.A 1	II. A 1
I.A 2	II.A 2	II. A 2
Balance Sheet		
I.B 1	II.B 1	n.a.
I.B 2	II.B 2	n.a.
I.B 5	II.B 5	II.B 5
I.B 6	II.B 6	II.B 6
I.B 7	II.B 7	n.a.
I.B 8	II.B 8	n.a.
Property, Plant, and Equipment		
I.C 4	II.D 6	n.a.
I.C 5	II.D 7	n.a.
Income Statement		
I.D 1	II.E 1	n.a.
I.D 3	II.E 3	II.E 3
I.D 4	II.E 4	II.E 4
I.D 9	II.E 6	II.E 6
I.D 10	II.E 7	II.E 7
I.D 12	II.E 9	II.E 9
Employment and Compensation of Employees		
I.G 1	II.H 3	II.H 3
I.G 2	II.H 4	II.H 4
I.G 3	II.H 5	II.H 5
I.G 4	II.H 6	II.H 6
I.G 5	II.H 10	II.H 10
U.S. Trade in Goods		
I.H 1	II.I 1	n.a.
I.H 2	II.I 2	n.a.
I.H 3	II.I 3	II.I 3
I.H 4	II.I 4	II.I 4
I.H 11	II.I 11	II.I 11
I.H 12	II.I 12	II.I 12
U.S. Parents		
Selected Data		
I.K 1	II.M 1	II.M 1
I.K 2	n.a.	n.a.
Balance Sheet		
I.L 1	II.N 1	n.a.
I.L 2	II.N 2	n.a.
Property, Plant, and Equipment		
I.M 1	II.O 1	n.a.
I.M 2	II.O 2	n.a.
Income Statement		
I.N 1	II.P 1	n.a.
Sales		
I.O 1	II.Q 1	II.Q 1
I.O 2	II.Q 2	II.Q 2
Value Added		
I.P 1	II.R 1	II.R 1

Table 1. Correspondence Between Numbering Schemes for Tables in this Document Covering All Industries and Those in the 2004 Benchmark Survey Publication and in the Publications for 2005–2008 Covering Nonbank Industries—Continues

Table in 2009 benchmark survey (All Industries)	Comparable table in 2004 benchmark survey (Nonbank Industries)	Comparable table in 2005–2008 reports (Nonbank Industries)
	Employment	
I.Q 1	II.S 2	n.a.
	U.S. Trade in Goods	
I.R 1	II.T 1	II.T 1
I.R 2	II.T 2	II.T 2
	Technology	
I.S 1	II.U 1	n.a.
	Other Financial and Operating Data	
I.T 1	II.V 1	n.a.
	U.S. Direct Investment Abroad	
I.U 1	II.W 1	n.a.
I.U 2	II.W 2	n.a.
	Change in the Position and Direct Investment Financial Flows	
I.V 1	II.X 1	n.a.
I.V 2	II.X 2	n.a.
	Direct Investment Income	
I.W 1	II.Y 1	n.a.
I.W 2	II.Y 2	n.a.
	Majority-Owned Foreign Affiliates	
	Selected Data	
II.A 1	III.A 1	III.A 1
II.A 2	III.A 2	III.A 2
	Balance Sheet	
II.B 1	III.B 1	III.B 1
II.B 2	III.B 2	III.B 2
II.B 3	III.B 3	III.B 3
II.B 4	III.B 4	III.B 4
II.B 5	III.B 5	III.B 5
II.B 6	III.B 6	III.B 6
II.B 7	III.B 7	III.B 7
II.B 8	III.B 8	n.a.
II.B 9	III.B 9	n.a.
II.B 10	III.B 10	n.a.
II.B 11	III.B 11	III.B 11
II.B 12	III.B 12	III.B 12
	Property, Plant, and Equipment	
II.C 1	III.D 1, III.D 2	n.a.
II.C 2	III.D 4	n.a.
II.C 3	III.D 5	n.a.
II.C 4	III.D 6	III.D 6
II.C 5	III.D 7	III.D 7
II.C 6	III.D 8	III.D 8
	Income Statement	
II.D 1	III.E 1	III.E 1
II.D 2	III.E 2	III.E 2
II.D 3	III.E 3	III.E 3
II.D 4	III.E 4	III.E 4
II.D 5	III.F 10	n.a.
II.D 6	III.F 11	n.a.
II.D 7	III.F 12	n.a.
II.D 8	III.E 5	III.E 5
II.D 9	III.E 6	III.E 6
II.D 10	III.E 7	III.E 7
II.D 11	III.E 8	III.E 8
II.D 12	III.E 9	III.E 9
II.D 13	III.F 22	n.a.

Table 1. Correspondence Between Numbering Schemes for Tables in this Document Covering All Industries and Those in the 2004 Benchmark Survey Publication and in the Publications for 2005–2008 Covering Nonbank Industries—Table Ends

Table in 2009 benchmark survey (All Industries)	Comparable table in 2004 benchmark survey (Nonbank Industries)	Comparable table in 2005–2008 reports (Nonbank Industries)
Goods and Services Supplied		
II.E 1	III.F 1	III.F 1
II.E 2	III.F 2	III.F 2
II.E 3	III.F 3	III.F 3
II.E 4	III.F 4	III.F 4
II.E 5	III.F 5	n.a.
II.E 6	III.F 6	n.a.
II.E 7	III.F 7	III.F 7
II.E 8	III.F 8	III.F 8
II.E 9	III.F 9	III.F 9
II.E 10	III.F 13	III.F 13
II.E 11	III.F 14	III.F 14
II.E 12	III.F 15	III.F 15
II.E 13	III.F 16	III.F 16
II.E 14	III.F 17	n.a.
II.E 15	III.F 18	III.F 18
II.E 16	III.F 19	n.a.
II.E 17	III.F 20	III.F 20
II.E 18	III.F 21	n.a.
Value Added		
II.F 1	III.G 1	III.G 1
II.F 2	III.G 2	III.G 2
II.F 3	III.G 3	III.G 3
II.F 4	III.G 4	III.G 4
II.F 5	III.G 5	III.G 5
II.F 6	III.G 6	III.G 6
II.F 7	III.G 7	III.G 7
II.F 8	III.G 8	III.G 8
II.F 9	III.G 9	III.G 9
Employment and Compensation of Employees		
II.G 1	III.H 3	III.H 3
II.G 2	III.H 4	III.H 4
II.G 3	III.H 5	III.H 5
II.G 4	III.H 6	III.H 6
II.G 5	III.H 10	III.H 10
U.S. Trade in Goods		
II.H 1	III.I 1	III.I 1
II.H 2	III.I 2	III.I 2
II.H 3	III.I 3	III.I 3
II.H 4	III.I 4	III.I 4
II.H 5	III.I 5	III.I 5
II.H 6	III.I 6	n.a.
II.H 7	III.I 7	n.a.
II.H 8	III.I 8	n.a.
II.H 9	III.I 9	n.a.
II.H 10	III.I 10	n.a.
II.H 11	III.I 11	III.I 11
II.H 12	III.I 12	III.I 12
II.H 13	III.I 13	III.I 13
Technology		
II.I 1	III.J 1	n.a.
II.I 2	III.J 2	n.a.
II.I 3	III.J 3	III.J 3
II.I 4	III.J 4	n.a.
II.I 5	III.J 5	n.a.
II.I 6	III.J 6	n.a.
II.I 7	III.J 7	n.a.
II.I 8	III.J 8	n.a.
II.I 9	III.J 9	n.a.
II.I 10	III.J 10	n.a.
Other Financial and Operating Data		
II.J 1	III.K 1	III.K 1
II.J 2	III.K 2	III.K 2
II.J 3	III.K 3	n.a.

Coverage

The 2009 benchmark survey covered every U.S. person that had a foreign affiliate in 2009. A foreign affiliate is a foreign business enterprise in which a U.S. person (in the broad, legal sense including a company) owns or controls, directly or indirectly, at least 10 percent of the voting securities if the enterprise is incorporated or an equivalent interest if the enterprise is unincorporated.

For both the financial and operating data and the balance-of payments-data, the data on foreign affiliates presented in this document cover every foreign business enterprise that was a foreign affiliate of a U.S. parent at the end of its 2009 fiscal year. The coverage of the direct investment position and balance-of-payments data in this document is thus consistent with that of the financial and operating data. However, it differs from the coverage of these data in the U.S. international investment position and international transactions accounts, which, for a given calendar year, include transactions for a foreign business enterprise that was a foreign affiliate at some time during the year, but that was not a foreign affiliate at the end of the year because the parent's interest in them was liquidated or sold during the year.

Each 2009 benchmark survey consisted of a form that requested the data for the U.S. parent company (Form BE–10A) and various forms that requested data on their foreign affiliates, depending on the size of the affiliate.

The respondent was required to complete a BE–10B, BE–10C, or BE–10D form for its foreign affiliates, depending on the size of the affiliate. To reduce the burden on respondents, the detailed benchmark survey form, Form BE–10B, was required only for foreign affiliates with assets, sales, or net income (or losses) greater than $80 million. A less detailed form, Form BE–10C, was required for foreign affiliates with assets, sales, or net income (or losses) less than $80 million and greater than $25 million.[7] A highly abbreviated survey form, Form BE–10D, obtained identification information and information on total assets, total liabilities, sales, net income, and number of employees for each affiliate that was not reported on either the BE–10B or BE–10C Form.

The amount of data collected on the Form BE–10A depended on the size of the parent company. A complete form BE–10A was required only for U.S. parents with assets, sales, or net income (or losses) greater than $300 million. Smaller U.S. parents were required to report only certain items on Form BE–10A.

For the 2009 benchmark survey, BE–10B and BE–10C forms were filed for 26,535 affiliates; 27,374 foreign affiliates were reported on Form BE–10D (table 2). In terms of value, the data for affiliates reported on the Form BE–10D were very small relative to the data totals for the direct investment universe accounting for 0.6 percent of the total assets and 2.0 percent of the sales of all affiliates. Complete BE–10A forms were filed for 2,340 U.S. parents and partial BE–10A forms were filed for 1,580 U.S. parents (parents with assets, sales, and net income (loss) less than $300 million).

Consistent with the benchmark survey data for 2004, the data presented in this document include data for affiliates reported on Form BE–10D and parents that filed a partial Form BE–10A, as well as data for affiliates and parents for which a complete benchmark survey form was required.[8] In contrast, estimates for affiliates reported on Form BE–10D and parents that filed a partial Form BE–10A were not included in the published data for affiliates and parents before 1999. Because the data for affiliates reported on Form BE–10D are so small, this difference has had virtually no effect on the comparability of the data across years.

Concepts and Definitions

This section discusses the concepts and definitions used in the 2009 benchmark survey.

7. To reduce the reporting burden of small enterprises, the threshold for the 2009 benchmark survey was raised to $25 million from $10 million for the 2004 benchmark survey. This change had virtually no effect on the published totals, because the aggregate value of the data for these smaller enterprises is small.

8. Except for table 2 in this methodology, the numbers of affiliates shown in the tables of this document exclude the number of affiliates that were filed on a BE–10D survey form even though data for those affiliates are included in the data for other items. Similarly, the number of U.S. parents shown in the tables of this document excludes the number of those parents that filed a partial Form BE–10A even though data for such parents are included in the data for other items.

Table 2. Universe of Foreign Affiliates and Breakdown by Type of Form

	Number of affiliates	Millions of dollars			
		Total assets	Sales	Net income	U.S. direct investment position abroad on a historical-cost basis
Universe of foreign affiliates	53,909	22,157,766	5,640,390	869,358	3,505,211
Foreign affiliates reported on Form BE–10B or Form BE–10C	26,535	22,027,242	5,526,462	868,160	3,469,194
Foreign affiliates reported on Form BE–10D	27,374	130,524	113,928	1,198	36,017
Percent of universe of affiliates reported on Form BE–10B or Form BE–10C	49.2	99.4	98.0	99.9	99.0

Direct investment

As a consequence of direct investment, a person resident in one country is assumed to exercise control or a significant degree of influence over the management of a business enterprise resident in another country. For the United States, in accordance with international guidelines, ownership or control of 10 percent or more of an enterprise's voting securities, or the equivalent, is considered evidence of at least a significant degree of influence over management, with control being deemed to exist if the investor owns more than 50 percent of the voting securities.[9] Thus, U.S. direct investment abroad is defined as the ownership or control, direct or indirect, by one U.S. person of 10 percent or more of the voting securities if the foreign business enterprise is incorporated or an equivalent interest if the foreign business enterprise is unincorporated. Only U.S. investment abroad that meets the definition of direct investment was covered by the 2009 benchmark survey.

Direct investment in a foreign business enterprise can result from direct or indirect ownership by a U.S. person. In direct ownership, the U.S. person itself holds the ownership interest in the foreign business enterprise. In indirect ownership, one or more tiers of ownership exist between the foreign business enterprise and the U.S. person. For example, a foreign business enterprise may be owned by another foreign business enterprise that is, in turn, owned by the U.S. person.

A U.S. person's percentage of indirect voting ownership in a given foreign business enterprise is equal to the direct-voting-ownership percentage of the U.S. person in the first foreign business enterprise in the ownership chain, multiplied by the first enterprise's direct-voting-ownership percentage in the second foreign business enterprise in the chain, multiplied by the corresponding percentages for all intervening enterprises in the chain, multiplied by the last intervening enterprise's direct-voting-ownership percentage in the given foreign business enterprise. If a foreign affiliate is owned by the U.S. person through more than one ownership chain, the percentages of direct and indirect ownership in all the chains are summed to determine the U.S. person's ownership percentage in the foreign affiliate.

Direct investment refers to ownership by a single person, not to the combined ownership of all persons in a country. A "person" is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization (whether organized under the laws of any state or not) and any government (including a foreign government, the U.S. government, a state or local government, or any corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

An associated group is treated in this definition as a single person. An associated group consists of two or more persons who exercise their voting privileges in a concerted manner—by the appearance of their actions, by agreement, or by an understanding—to influence the management of a business enterprise. The following are deemed associated groups: (1) members of the same family, (2) a business enterprise and one or more of its officers or directors, (3) members of a syndicate or joint venture, and (4) a corporation and its domestic subsidiaries. Thus, direct investment is considered to exist as long as the combined ownership interest of all members of the group is at least 10 percent, even if no one member owns 10 percent or more. The definition assumes, in effect, that the members' influence over management is comparable to that of a single person with the same ownership interest.

Investment by a U.S. person of less than 10 percent in a foreign business enterprise is not considered direct investment, even if another U.S. person has an interest of a least 10 percent in the enterprise. Thus, if one U.S. person owns 11 percent and another owns 9 percent, the 11 percent interest is included, but the 9 percent interest is excluded. However, if two or more U.S. persons each hold an interest of at least 10 percent, each such interest is included in the balance of payments data.[10]

Determination of residency

For purposes of the benchmark survey (and BEA's other direct investment surveys), the "United States" means the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions. U.S. offshore oil and gas sites are also considered to be in the United States.

"Foreign" means that which is situated outside the United States or which belongs to, or is characteristic of, a country other than the United States.

The country of residence rather than the country of citizenship of a person is used to determine whether a direct investor is a U.S. investor or a foreign investor. A U.S. person is any person who resides in, or who is subject to the jurisdiction of, the United States, and a

9. See International Monetary Fund (IMF), *Balance of Payments and International Investment Position Manual*, 6th ed. (Washington, DC: IMF, 2009); and Organisation for Economic Co-Operation and Development (OECD), *OECD Benchmark Definition of Foreign Direct Investment*, 4th ed. (Paris: OECD, 2008).

10. In contrast, the financial and operating data for the foreign affiliate would be included only once.

foreign person is any person who resides outside the United States or who is subject to the jurisdiction of a country other than the United States.

A person is considered a resident of, or is subject to the jurisdiction of, the country in which the person is located if the person resides or expects to reside in that country for 1 year or more. Under this rule, individuals who reside or expect to reside outside their country of citizenship for less than 1 year are considered residents of their country of citizenship, whereas individuals who reside or expect to reside outside their country of citizenship for 1 year or more are considered residents of the country in which they are residing.

The rule has a few exceptions. For example, individuals (and their immediate families) who either own or are employed by a business enterprise in their country of citizenship and who are residing outside of that country for 1 year or more to conduct business for the enterprise are considered residents of their country of citizenship if they intend to return within a reasonable period of time. Another example would be individuals who reside outside their country of citizenship because they are government employees (such as diplomats, consular officials, members of the armed forces, and their immediate families); they are considered residents of their country of citizenship regardless of their length of stay.

The U.S. parent

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. Because a U.S. parent is a "person" in the broad sense defined above, it may be 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 business enterprise is any organization, association, branch, venture, or the ownership of any real estate that exists to make a profit or to otherwise secure economic advantage.[11]

Each U.S. parent that was an incorporated business enterprise was required to report on a fully consolidated domestic (U.S.) basis. The fully consolidated U.S. domestic business enterprise is defined as: (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 whose voting securities are more than 50 percent owned by the U.S. corporation above it. This consolidation excludes foreign branches and all other foreign affiliates.

When a U.S. individual or other nonbusiness person (such as a nonprofit organization or a government) owns more than 50 percent of a U.S. business enterprise that owns a foreign business enterprise, the U.S. business enterprise, not the individual or the other nonbusiness person, is considered the parent. This treatment ensures that financial and operating data of the U.S. business enterprise are included in the U.S.-parent data and that data on the transactions and positions of the U.S. business enterprise with the foreign business enterprise are included in the foreign-affiliate data reported to BEA. Any direct transactions or positions of the individual or other nonbusiness person with the foreign business enterprise must be reported by the U.S. business enterprise and are therefore also included in the direct investment accounts.

The U.S. government may have equity investment in a foreign business enterprise, but such investments are not covered by BEA's direct investment surveys. Data on such investments are reported to other agencies and are included by BEA in the U.S. government accounts of the U.S. international transactions accounts and the international investment position rather than in the direct investment accounts.

In the case of a U.S. estate, the estate itself, not its beneficiary, is considered the U.S. parent. However, for a U.S. trust, either the beneficiary or the creator of the trust may be considered the U.S. parent with respect to any investments of the trust, depending on the circumstances. A U.S. creator is considered the parent if there is a reversionary interest—that is, if the interest in the trust may be returned to the creator after a period of time—or if the creator is a corporation or other organization that designates its own shareholders or members as beneficiaries. In all other cases, the beneficiary is considered the parent.

The foreign affiliate

A foreign affiliate is a foreign business enterprise (as defined in the previous section) in which there is U.S. direct investment. The affiliate is called a *foreign* affiliate to denote that it is located outside the United States.

A foreign business enterprise, and therefore a foreign affiliate, may be either incorporated or unincorporated. Unincorporated affiliates primarily take the form of branches and partnerships. They may also include directly held commercial property.

11. Ownership of real estate for profit-making purposes is defined as a business enterprise. Therefore, by definition, a business enterprise excludes the ownership of real estate exclusively for personal use.

In general, the foreign operations or activities of a U.S. person are considered to be a foreign affiliate if they are legally or functionally separable from the domestic operations or activities of the U.S. person. In most cases, it is clear whether the foreign operations or activities constitute a foreign affiliate. If an operation or activity is incorporated abroad—as most are—it is *always* considered a foreign affiliate. The situation is not always so clear with unincorporated foreign operations or activities. Most are legally or functionally separable from those of the U.S. person and thus are considered foreign affiliates, but some are not clearly separable, and the determination of whether they constitute a foreign affiliate is made on a case-by-case basis, depending on the weight of the evidence. The following characteristics would indicate that the unincorporated operation or activity is probably a foreign affiliate:

- It is subject to foreign income taxes.
- It has a substantial physical presence abroad, as evidenced by plant and equipment or by employees that are permanently located abroad.
- It has separate financial records that would allow the preparation of financial statements, including a balance sheet and income statement. (A mere record of disbursements to, or receipts from, the foreign operation or activity would not constitute a "financial statement" for this purpose.)
- It takes title to the goods it sells and receives revenues from the sale, or it receives funds from customers for its own account for services it performs.

A foreign affiliate that is a branch consists of operations or activities in a foreign country that a U.S. person conducts in its own name rather than through an entity separately incorporated abroad. By definition, a branch is wholly owned. If a company is incorporated in the United States but carries out substantially all of its operations abroad, its foreign operations are treated by BEA as a branch (and therefore as a foreign affiliate) even though the U.S. company itself may consider the operations to be an integral part of, and would normally consolidate them with, its own operations and accounts.

The following characteristics would indicate that the unincorporated operation or activity is probably *not* a foreign affiliate:

- It is not subject to foreign income taxes.
- It has limited physical assets or few employees permanently located abroad.
- It has no separate financial records that allow the preparation of financial statements.
- It conducts business abroad only for the U.S. person's account, not for its own account.
- It engages only in sales promotion or public relations activities on behalf of the U.S. parent.
- Its expenses are paid by the U.S. parent.

Consistent with these guidelines, the foreign stations, ticket offices, and terminals or port facilities of a U.S. airline or ship operator that provide services only to the airline's or ship operator's operations are not considered foreign affiliates, because most of the revenues, such as passenger fares and freight charges, collected by these facilities are generated by the travel and transportation services rendered by the airline or ship operator of which they are a part, not by the activities of these facilities. However, if the facilities provide services to unaffiliated persons, they are considered foreign affiliates.

In general, each foreign affiliate was required to be reported separately. However, consolidation of affiliates in the same country was permitted if the affiliates were in the same four-digit industry or were integral parts of the same business operation.[12] (For example, if Mexican affiliate A manufactured automobile engines and a majority of its sales were to Mexican affiliate B, which assembled automobiles, then affiliates A and B could have been consolidated.) Under no circumstances were affiliates in different countries permitted to be consolidated.

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. Data for MOFAs, rather than for all foreign affiliates, are used to examine the foreign investments over which U.S. parents exert control.[13] Additionally, some aspects of affiliate operations can only be analyzed from the perspective of MOFA operations because the necessary data items are not collected for other affiliates.

A small percentage of MOFAs are majority-owned by a group of U.S. parents in which none of the parents has a majority stake. The group usually influences or controls the management of the affiliate as would a single parent that has the same total ownership interest. Most of these jointly owned MOFAs are in the petroleum industry where parents sometimes pool their resources in order to raise capital or mitigate risk.

12. For a description of the industry codes used, see BEA's *Guide to Industry Classifications for International Surveys, 2007* in the appendix.

13. The U.S. parent(s) may themselves be under the control of a foreign parent company. In 2009, U.S. parents that were ultimately controlled by foreign parents accounted for 17 percent of all U.S. parents, and they accounted for 17 percent of the assets and for 15 percent of the sales of all U.S. parents.

Accounting Principles

Use of generally accepted accounting principles

In most cases, data in the 2009 benchmark survey were required to be reported as they would have been for stockholders' reports rather than for tax or other purposes. Thus, unless otherwise indicated by the survey instructions, survey respondents were asked to report using U.S. generally accepted accounting principles (GAAP). The survey instructions departed from GAAP in cases where the departure would result in data that were conceptually or analytically more useful or more appropriate for measuring direct investment. One major departure from GAAP was in the area of consolidation rules (see the preceding discussions of consolidated reporting in "The U.S. Parent" and in "The Foreign Affiliate" in the section "Concepts and Definitions"). For the purposes of preparing financial statements, MNCs will generally consolidate all majority-owned affiliates regardless of location. For the purposes of BEA's statistics, data for units in different countries were not consolidated.

Currency translation

Monetary amounts were reported to BEA in thousands of U.S. dollars. The report forms specified that when a foreign affiliate's assets, liabilities, revenues, and expenses were denominated or measured in the affiliate's financial statements in a foreign currency, they must be translated into dollars in accordance with GAAP, specifically the Financial Accounting Standards Board's Accounting Standards Codification (ASC) Topic 830: "Foreign Currency Matters" (formerly known as FAS 52). Under ASC 830, assets and liabilities are translated at the exchange rate on the date of the balance sheet. For revenues and expenses, weighted-average exchange rates for the period are used.

Exchange-rate gains and losses are included in affiliates' net income if they result from remeasuring the foreign affiliates' assets and liabilities that are denominated in foreign currencies other than the affiliate's principal, or functional, currency into the functional currency at exchange rates that differ from those used in the prior period. However, exchange-rate gains and losses that result from translating opening balances for foreign affiliates' assets and liabilities from the functional currency into U.S. dollars at exchange rates that differ from those for closing balances are taken directly to a separate component of owners' equity, termed "translation adjustment component," rather than being included in net income. The effects of translating foreign affiliates' revenues and expenses from their functional currency into U.S. dollars at exchange rates that differ from those in the prior period are reflected in net income, but they are not identified, and because they do not represent changes in the values of assets or liabilities, they are not regarded as capital gains or losses.

Valuation

The 2009 benchmark survey data are primarily valued in the prices and exchange rates of 2009. Because 2009 prices and exchange rates may differ from those of other years, changes in U.S.-parent and foreign-affiliate data over time may reflect changes in prices and exchange rates rather than real changes. In addition, comparisons of foreign affiliate data across countries may be affected if the market exchange rates used to translate foreign-affiliate data to U.S. dollars do not reflect the relative purchasing power of different currencies.[14]

In general, accumulated stock items from the benchmark survey—such as property, plant, and equipment, and the direct investment position—are valued at historical cost. For these items, the values shown largely reflect prices at the time the asset was acquired or the investment was made rather than prices in 2009. Because historical cost is the primary basis used for valuation in company accounting records in the United States, it is the basis on which companies can most easily report data in BEA's direct investment surveys.

Fiscal Year Reporting

The 2009 benchmark survey data for U.S. parents and foreign affiliates were required to be reported on a fiscal year basis. The 2009 fiscal year was defined to be the parent's or the affiliate's financial-reporting year that ended in calendar year 2009. Unlike the direct investment position and balance-of-payments data, financial and operating data in all BEA surveys are consistently collected and published on a fiscal year basis. Because the U.S. international transactions accounts and international investment position are prepared on a calendar year basis, data from the benchmark survey must be adjusted to a calendar year

14. For a further discussion of valuation issues and for a description of BEA methods to remove valuation effects from its statistics on the value added by majority-owned foreign affiliates, see "Real Value added of U.S. Companies' Majority Owned Foreign Affiliates in Manufacturing," Survey of Current Business 77 (April 1997): 8–17. At the time of this document, the most recent statistics on real value added by foreign affiliates in manufacturing are published in "U.S. Multinational Companies: Operations of U.S. Parents and their Foreign Affiliates in 2010," Survey *92* (November 2012): 51–74.

basis before they are entered into the accounts.

The comparability between the benchmark survey data presented here and the direct investment statistics presented in the U.S. international transactions accounts and international investment position depends on the number and size of, and volatility of the data for, foreign affiliates and U.S. parents whose fiscal years do not correspond to the calendar year. Selected data for foreign affiliates and U.S. parents classified by fiscal year ending date are shown in table 3. As indicated in the addenda to these tables, the fiscal year ending date corresponded to the calendar year ending date for most affiliates and parents.

Confidentiality

Under the International Investment and Trade in Services Survey Act, the direct investment data collected by BEA from individual respondents are confidential and they cannot be published in such a manner "that the person to whom the information relates can be specifically identified."[15] For this document, each cell in a table was tested to determine whether the data it contained should be suppressed (not be shown) for confidentiality reasons. A "(D)" in a cell indicates that the data were suppressed to avoid the disclosure of information on an individual company. For employment data, a letter representing a size range was entered in lieu of a "(D)."

The act further specifies that the data must be used for statistical and analytical purposes only; the use of an individual company's data for tax, investigative, or regulatory purposes is prohibited. Access to the data is limited to officials and employees (including consultants and contractors and their employees) of government agencies designated by the President to perform functions under the act. In addition, as amended by the Foreign Direct Investment and International Financial Data Improvements Act of 1990, the act grants access to certain other government agencies for limited statistical purposes. For example, access is granted to The Bureau of the Census for the purpose of linking BEA's enterprise-, or company-, level data for U.S. parent companies to the Census Bureau's data for all U.S. companies for purposes such as obtaining more detailed data on R&D performed by U.S. multinational companies by type of R&D and by state. A separate act, the Confidential Information Protection and Statistical Efficiency Act of 2002 (Title V of Public Law 107–347), also authorizes the sharing of business confidential data (including BEA's direct investment data) between BEA, the Census Bureau, and the Bureau of Labor Statistics under specified conditions for statistical purposes.

Private individuals may obtain access to the data only in the capacity of experts, consultants, or contractors whose services are procured by BEA, usually on a temporary or intermittent basis, for purposes of carrying out projects under the Survey Act—for example, to perform research on U.S. direct investment abroad. These individuals are subject to the same confidentiality requirements as regular employees of BEA or other government agencies performing functions under the act.

15. Public Law 472, 94th Cong., 90 Stat. 2059, 22 U.S.C. 3101–3108, passed by Congress in 1976 and amended in 1984 and 1990.

Table 3. Selected Data by End of Fiscal Year for Foreign Affiliates and U.S. Parents

[Millions of dollars, unless otherwise noted]

	Total	End of fiscal year				*Of which:*
		January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	December 31
Foreign Affiliates						
Number of foreign affiliates	26,535	948	2,023	1,620	21,944	19,667
Total assets	22,157,766	904,579	972,769	316,885	19,963,534	17,585,535
Sales	5,640,390	333,348	464,470	234,591	4,607,981	4,010,645
Net income	869,358	30,779	53,192	23,363	762,024	633,003
Compensation of employees	547,856	30,161	41,270	28,914	447,510	400,761
Thousands of employees	13,029.3	952.8	920.1	769.4	10,386.9	9,383.3
U.S. exports of goods shipped to affiliates	230,111	12,495	14,112	15,809	187,694	161,279
U.S. imports of goods shipped by affiliates	269,648	20,614	14,315	8,301	226,418	197,559
Position on a historical-cost basis	3,505,211	123,221	243,516	115,368	3,023,106	2,644,311
Direct investment income	325,344	10,440	29,440	13,186	272,279	236,945
U.S. Parents						
Number of U.S. parents	2,340	170	174	185	1,811	1,668
Total assets	27,630,675	774,035	768,861	689,754	25,398,026	24,369,803
Sales	9,208,797	856,279	686,764	591,995	7,073,759	6,452,884
Net income	622,375	4,224	44,998	27,487	545,666	499,045
Compensation of employees	1,590,589	97,840	109,617	113,433	1,269,699	1,162,801
Thousands of employees	22,932.7	2,578.6	1,593.7	1,587.6	17,172.9	15,484.2
U.S. exports of goods shipped by parents	535,409	34,115	47,718	38,220	415,356	377,732
U.S. imports of goods shipped to parents	679,521	111,335	25,186	24,936	518,063	470,941

Classification of Data

The financial and operating data, the direct investment position, and the balance-of-payments data from the benchmark survey can be classified by country of foreign affiliate, by industry of foreign affiliate, and by industry of U.S. parent.

Classification by country

Each foreign affiliate is classified by its country of location—that is, the country in which the affiliate's physical assets are located or in which its primary activity is carried out. In most cases, the country of location of a business enterprise is the same as its country of organization or incorporation. However, in some cases, a business enterprise is incorporated in one country, but part or all of its physical assets are located or its activities are carried out in a second country. If all its physical assets or operations are located in a single foreign country outside its country of incorporation, the enterprise is treated as an incorporated foreign affiliate in the country where its physical assets and operations are located. However, if an enterprise has some physical assets or operations in each country, it is considered two affiliates—an incorporated affiliate located in the country of incorporation and an unincorporated affiliate located in the other country.

These general rules have three exceptions. First, if a business enterprise that is incorporated in one foreign country has physical assets or operations in more than one other foreign country, an incorporated foreign affiliate is deemed to exist in the country of incorporation, even though the enterprise may have no physical assets or operations in that country. Unincorporated foreign affiliates are deemed to exist in the other foreign countries. In effect, the affiliate in the country of incorporation is considered a holding company whose assets are the equity it holds in the unincorporated affiliates in the other countries. Second, if a business enterprise that is incorporated abroad by a U.S. person conducts its operations from, and has all of its physical assets in, the United States, it is treated as an incorporated foreign affiliate in the country of incorporation, even though it has no operations or physical assets there. This treatment ensures that the foreign entity is reported to BEA. Third, affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, or offshore oil and gas drilling are classified in the country of incorporation.

Balance-of-payments transactions between parents and affiliates are classified in the country of the affiliate with which the U.S. parent had a direct transaction, even if the transaction may reflect indirect claims on, liabilities to, or income from indirectly held affiliates in third countries. For example, if a U.S. parent company acquires all of the equity in a German manufacturer for $100 million and channels the purchase through its holding-company affiliate in the Netherlands, then both the direct investment financial flow and the direct investment position would be classified in the Netherlands, because that is the country of the affiliate with which the U.S. parent had a direct transaction. (By contrast, the financial and operating data—such as employment and sales data—of the newly acquired affiliate would be classified in Germany because that is where the operations are located.)

Transactions with third-country transactors involving a given affiliate are classified in the affiliate's country of location. For example, if a U.S. parent purchases a Japanese affiliate's capital stock from a French resident then the resulting direct investment financial flow would be classified in Japan because such flows change the U.S. direct investment position in that country. (However, the associated settlement flows, which would be included in other financial accounts of the U.S. international transactions accounts, would likely be classified in France.)

The designation "by country" in a table title in this document indicates that the data in the table are disaggregated by country of foreign affiliate. If a different method of country disaggregation is used, it is specified in the table title; for example, sales data could be disaggregated either by country of affiliate or by country of destination.

In table I.A1, selected data for all foreign affiliates of U.S. parents are classified by country of affiliate; each country in which U.S. direct investment in 2009 was reported is shown and is grouped by geographic area. Table II.A1 presents similar information for majority-owned foreign affiliates. Primarily because of confidentiality requirements, many countries could not be shown in the other tables in this document. However, the countries included in a country group in the other tables may be determined, and their relative sizes assessed, by referring to table I.A1 or table II.A1.

Classification by industry

In the 2009 benchmark survey, each U.S. parent or foreign affiliate was classified by industry using the International Survey Industry (ISI) classification system, which was updated for the benchmark survey to reflect the 2007 revision to the North American Industry Classification System (NAICS). For most industries, the classifications under this system are identical to those in the NAICS-based ISI classification system used in the benchmark and annual surveys for

2004–2008, which was based on the 2002 version of NAICS.[16] The most significant change is the reclassification of a number of industrial activities in the information sector.

The 2007 NAICS-based ISI classification system includes 201 industries, compared with 205 industries in the 2002 NAICS-based ISI system. At its most detailed level, NAICS classifies industries at a six-digit level. The ISI classification system is less detailed than NAICS because it is designed for classifying enterprises rather than establishments (or plants). Because many direct investment enterprises are active in several industries, it is not meaningful to classify all their data in a single industry if that industry is defined too narrowly. A list and a description of the NAICS-based ISI codes (and their relationship to NAICS) are presented in the *Guide to Industry Classifications for International Surveys, 2007*.[17]

Each U.S. parent or foreign affiliate was classified by industry on the basis of its sales (or, for holding companies, on the basis of its total income) in a three-step procedure. First, a given U.S. parent or foreign affiliate was classified in the NAICS sector that accounted for the largest percentage of its sales.[18] Second, within the sector, the U.S. parent or foreign affiliate was classified in the three-digit subsector in which its sales were largest; a three-digit subsector consists of all four-digit industries that have the same first three digits in their four-digit ISI code. Third, within its three-digit subsector, the U.S. parent or foreign affiliate was classified in the four-digit industry in which its sales were largest. This procedure ensured that the U.S. parent or foreign affiliate was not assigned to a four-digit industry outside either its sector or its three-digit subsector.[19]

Table I.A2 and Table II.A2 present selected financial and operating data for foreign affiliates and U.S. parents classified by industry. Each four-digit industry is shown separately and is grouped by the sector and subsector to which it belongs. Table I.A2 presents detailed industry data for all affiliates of all parents, and table II.A2 presents detailed industry data for majority-owned affiliates. Primarily because of confidentiality requirements, many of these four-digit industries are not shown in the other tables in this document. However, each industry that is included, but not identified, in an industry group shown in the other tables may be ascertained by referring to tables I.A2 and II.A2.

The designation "by industry" in the title of a table indicates that the data in the table are disaggregated by primary industry of the U.S. parent or foreign affiliate. However, in some tables, for example, affiliate data are disaggregated by industry of their U.S. parent, and this information is specified in the title.

U.S. parents that are individuals, estates, or trusts were classified in the industry "nonbusiness entities, except government," which in this document is treated as part of the ISI major industry 81 "other services." This industry is included in tables that disaggregate affiliate data by industry of U.S. parent.[20] However, it is not included in tables containing U.S.-parent data because U.S. parents that were individuals, estates, or trusts were not required to report data on their domestic activities.

Each U.S. parent and each foreign affiliate was classified in a single industry—in the primary industry of the parent or of the affiliate. As a result, any parent or affiliate activities that take place in secondary industries are classified as activities in the primary industry. Because the benchmark survey data were collected on an enterprise basis, the reports for many parents and affiliates reflect substantial activities in secondary industries. Information on the distribution of activities within each firm was obtained in the benchmark survey for two items—sales and employment—for U.S.

16. The ISI classification system used in the surveys for 1999–2004 was based on the 1997 version of NAICS. In the surveys before 1999, the industry classification system was based on the Standard Industrial Classification (SIC). For a discussion of the differences between the NAICS-based ISI classification system introduced in 1999 and the earlier SIC-based ISI classification system, see the section on industry classification in the "Methodology" of *U.S. Direct Investment Abroad: Final Results From the 1999 Benchmark Survey* (Washington, DC: U.S. Government Printing Office, April 2004).

17. The Guide is also available on BEA's Web site at www.bea.gov/surveys/iftcmat.htm.

18. The sectors used were agriculture, forestry, fishing, and hunting; mining; utilities; construction; manufacturing; wholesale trade; retail trade; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services.

19. The following example illustrates the three-stage classification procedure. Suppose an affiliate's sales were distributed as follows:

Industry code	Percentage of total sales		
3341	5		
3342	10	65	80
3344	50		
3353	15		
4236	20		

where industry codes 3341, 3342, 3344, and 3353 are in the manufacturing sector and code 4236 is in the wholesale trade sector. Because 80 percent of the affiliate's sales were in manufacturing and only 20 percent were in wholesale trade, the affiliate's sector is manufacturing. Because the largest share of its sales within manufacturing is in the three-digit subsector 334 (computers and electronic products, which includes industry codes 3341, 3342, and 3344), the affiliate's three-digit subsector is 334. Finally, because its sales within subsector 334 were largest in the industry 3344, the affiliate's four-digit industry is 3344 (semiconductors and other electronic components). Thus, the affiliate was assigned to industry 3344.

20. Tables I.A2 and II.A2 show selected data for affiliates whose parents are classified in "nonbusiness entities, except government."

parents and for sales for foreign affiliates. Specifically, each U.S. parent was required to distribute its sales and employment among the 10 four-digit industries in which its sales were largest and to distribute the sales of each foreign affiliate among the 7 four-digit industries in which the affiliate's sales were largest. Unspecified sales and employment are shown in the "not specified by industry" row or column in the tables that display

Table 4. Sales by All Foreign Affiliates and Sales by, and Employment of, All U.S. Parents, by Industry of Enterprise and by Industry of Sales—Continues

	Affiliates		U.S. parents			
	Sales (millions of dollars)		Sales (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales
All industries	**5,640,390**	**5,640,390**	**9,208,797**	**9,208,797**	**22,932.7**	**22,932.7**
Mining	**361,563**	**319,436**	**108,028**	**118,853**	**187.0**	**196.1**
Oil and gas extraction	(D)	249,870	49,845	49,256	36.6	30.0
Other	(D)	69,566	58,183	69,598	150.4	166.1
Coal mining	(D)	(D)	9,785	10,704	14.9	15.4
Nonmetallic mineral mining and quarrying	3,251	(D)	6,443	10,684	18.1	21.3
Metal ore mining	28,002	28,005	13,255	14,553	30.6	31.3
Iron ores	(D)	(D)	(D)	(D)	H	I
Gold and silver ores	5,784	6,137	5,079	5,906	16.6	16.1
Copper, nickel, lead, and zinc ores	(D)	17,831	(D)	(D)	I	I
Other metal ores	(D)	(D)	(D)	(D)	H	G
Support activities for mining	34,153	33,671	28,700	33,657	86.9	98.1
Support activities for oil and gas extraction	(D)	(D)	28,700	(D)	86.9	97.4
Support activities for mining, except for oil and gas extraction	(D)	(D)	0	(D)	0.0	0.7
Manufacturing	**2,363,530**	**2,311,037**	**3,656,719**	**3,269,640**	**6,864.3**	**5,695.8**
Food	200,027	197,907	403,193	328,795	711.7	548.1
Animal foods	(D)	9,018	(D)	15,232	L	16.3
Grain and oilseed milling	72,278	68,953	62,689	91,318	58.6	63.7
Sugar and confectionery products	(D)	22,637	(D)	22,307	K	48.5
Fruit and vegetable preserving and specialty foods	(D)	9,472	35,116	31,991	64.2	60.8
Dairy products	(D)	4,050	(D)	29,727	K	52.3
Animal slaughtering and processing	(D)	17,178	156,330	80,446	266.7	175.4
Seafood product preparation and packaging	(D)	443	2,284	2,257	7.3	6.6
Bakeries and tortillas	(D)	7,980	6,135	10,751	14.2	19.5
Other food products	57,569	58,176	73,433	44,764	165.9	104.9
Beverages and tobacco products	153,011	153,818	97,559	98,993	186.1	170.3
Beverages	134,274	134,376	69,954	69,455	165.8	152.3
Tobacco products	18,737	19,442	27,605	29,538	20.3	18.0
Textiles, apparel, and leather products	12,810	12,369	21,371	27,564	87.3	119.9
Textile mills	2,096	2,185	3,177	4,121	14.3	17.0
Textile product mills	(D)	2,407	6,140	9,286	34.7	56.0
Apparel	(D)	7,169	10,399	11,907	30.0	39.1
Leather and allied products	566	608	1,655	2,249	8.3	7.8
Wood products	(D)	3,863	11,621	13,549	40.1	53.6
Paper	42,827	50,214	81,953	86,628	206.3	203.7
Pulp, paper, and paperboard mills	(D)	13,651	44,231	43,654	104.4	82.5
Converted paper products	(D)	36,563	37,723	42,974	102.0	121.2
Printing and related support activities	10,671	9,033	25,056	25,456	105.0	99.3
Petroleum and coal products	325,490	288,780	753,201	588,875	318.3	165.2
Integrated petroleum refining and extraction	(D)	(D)	576,436	470,148	186.0	106.0
Petroleum refining excluding oil and gas extraction	229,741	198,874	(D)	111,953	M	47.8
Asphalt and other petroleum and coal products	(D)	(D)	(D)	6,774	J	11.4
Chemicals	467,964	461,849	529,218	532,369	799.0	681.2
Basic chemicals	80,215	74,927	84,702	122,097	96.6	108.9
Resins and synthetic rubber, fibers, and filaments	53,025	53,658	51,033	37,088	79.9	47.8
Pharmaceuticals and medicines	184,048	191,212	277,148	238,922	397.5	297.1
Soap, cleaning compounds, and toilet preparations	74,440	65,150	58,865	49,145	100.9	83.4
Other	76,236	76,902	57,469	85,117	124.1	144.0
Pesticides, fertilizers, and other agricultural chemicals	14,213	13,393	20,858	35,414	28.2	29.4
Paints, coatings, and adhesives	22,288	20,387	21,614	22,017	62.4	63.0
Other chemical products and preparations	39,735	43,121	14,997	27,685	33.5	51.5
Plastics and rubber products	48,022	49,234	79,686	77,200	276.2	232.0
Plastics products	(D)	29,587	45,921	52,509	155.7	153.7
Rubber products	(D)	19,647	33,765	24,690	120.5	78.3
Nonmetallic mineral products	32,058	32,191	34,656	34,066	107.8	103.8
Clay products and refractories	(D)	3,169	3,217	3,596	11.0	12.2
Glass and glass products	(D)	21,523	15,007	10,121	49.8	36.0
Cement and concrete products	(D)	3,443	9,432	7,311	27.9	19.1
Lime and gypsum products	(D)	(D)	(D)	5,211	J	J
Other nonmetallic mineral products	2,714	(D)	(D)	7,827	I	J
Primary and fabricated metals	72,712	71,205	141,813	142,586	363.9	349.7
Primary metals	39,037	38,423	90,049	86,845	208.4	182.8
Iron and steel mills and ferroalloys	(D)	5,911	45,363	39,925	91.8	72.5
Steel products from purchased steel	8,303	8,106	14,205	17,530	47.9	51.8
Alumina and aluminum production and processing	(D)	14,886	20,401	17,088	37.9	28.2
Nonferrous metal (except aluminum) production and processing	(D)	8,921	6,475	8,216	16.9	16.9
Foundries	592	599	3,605	4,086	13.8	13.4

See the note at the end of the table.

data by industry of sales. Because a parent or affiliate that has an establishment in an industry usually also has sales in that industry, the distribution by industry of sales roughly approximates the distribution that would result if the data were reported and classified by industry of establishment.

Table 4. Sales by All Foreign Affiliates and Sales by, and Employment of, All U.S. Parents, by Industry of Enterprise and by Industry of Sales—Continues

	Affiliates		U.S. parents			
	Sales (millions of dollars)		Sales (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales
Fabricated metal products	33,675	32,782	51,764	55,741	155.5	166.9
Forging and stamping	3,239	3,144	6,748	8,297	12.2	14.4
Cutlery and handtools	(D)	2,663	4,492	4,816	17.0	17.9
Architectural and structural metals	(D)	1,268	3,819	3,800	11.5	14.6
Boilers, tanks, and shipping containers	6,786	6,582	10,629	8,684	27.7	17.2
Hardware	741	774	4,863	3,092	13.1	9.6
Spring and wire products	(D)	566	1,320	1,828	3.8	5.6
Machine shops, turned products, and screws, nuts, and bolts	2,052	2,107	1,525	2,381	3.5	6.7
Coating, engraving, heat treating, and allied activities	575	550	24	1,356	0.2	4.3
Other fabricated metal products	15,511	15,128	18,344	21,488	66.5	76.6
Machinery	152,719	151,373	189,351	195,238	507.6	487.3
Agriculture, construction, and mining machinery	38,773	37,608	76,216	67,021	140.4	116.5
Industrial machinery	17,864	17,552	28,559	27,606	100.8	99.8
Other	96,083	96,213	84,577	100,612	266.4	271.0
Commercial and service industry machinery	(D)	15,548	3,115	10,383	11.9	41.0
Ventilation, heating, air-conditioning, and commercial refrigeration equipment	(D)	21,286	16,857	19,481	62.3	57.0
Metalworking machinery	3,303	3,252	2,519	2,693	12.8	10.5
Engines, turbines, and power transmission equipment	31,238	32,007	40,373	43,873	105.5	88.6
Other general purpose machinery	(D)	24,119	21,712	24,181	73.8	74.0
Computers and electronic products	307,082	309,151	366,908	360,080	891.6	720.2
Computers and peripheral equipment	(D)	139,621	122,018	110,769	254.4	166.9
Communications equipment	35,323	34,645	55,814	64,622	110.6	136.6
Audio and video equipment	(D)	6,855	(D)	11,486	21.2	19.3
Semiconductors and other electronic components	93,421	94,036	95,878	95,671	217.9	179.8
Navigational, measuring, and other instruments	32,671	31,751	86,148	74,407	287.0	209.5
Magnetic and optical media	(D)	2,242	(D)	3,126	0.5	8.0
Electrical equipment, appliances, and components	47,913	48,286	90,057	90,763	263.5	243.0
Electric lighting equipment	2,242	2,156	6,097	4,884	18.4	14.8
Household appliances	(D)	15,134	22,891	25,675	55.0	59.7
Electrical equipment	(D)	16,678	35,855	27,823	116.2	78.6
Other electrical equipment and components	13,316	14,318	25,214	32,382	73.9	89.9
Transportation equipment	401,586	383,571	725,288	524,670	1,620.3	1,104.7
Motor vehicles, bodies and trailers, and parts	374,714	356,633	320,829	287,255	584.6	494.1
Motor vehicles	262,150	243,469	240,745	209,045	308.2	265.0
Motor vehicle bodies and trailers	331	372	(D)	4,315	I	16.4
Motor vehicle parts	112,232	112,792	(D)	73,896	M	212.6
Other	26,872	26,939	404,459	237,415	1,035.7	610.6
Aerospace products and parts	(D)	21,582	367,802	199,148	940.1	517.4
Railroad rolling stock	(D)	1,451	3,669	4,013	9.9	11.4
Ship and boat building	(D)	(D)	5,212	14,481	21.1	41.5
Other transportation equipment	(D)	(D)	27,776	19,772	64.7	40.3
Furniture and related products	(D)	4,010	18,016	15,041	79.1	52.2
Miscellaneous manufacturing	80,787	84,183	87,770	127,769	300.7	361.9
Medical equipment and supplies	62,700	64,147	66,242	93,777	215.0	253.7
Other miscellaneous manufacturing	18,087	20,036	21,528	33,992	85.6	108.2
Wholesale trade	**1,178,648**	**1,228,641**	**1,109,793**	**1,137,016**	**1,065.4**	**795.1**
Professional and commercial equipment and supplies	254,898	264,061	66,658	84,389	103.2	82.4
Petroleum and petroleum products	217,519	257,961	84,292	133,071	24.9	9.7
Drugs and druggists' sundries	176,612	158,307	343,987	325,713	112.6	87.7
Other	529,620	548,312	614,856	593,844	824.7	615.3
Motor vehicles and motor vehicle parts and supplies	(D)	80,202	108,108	108,108	100.1	74.3
Furniture and home furnishings	(D)	909	1,333	1,691	3.2	2.9
Lumber and other construction materials	783	794	4,610	10,178	5.5	14.3
Metals and minerals (except petroleum)	12,003	13,093	39,593	28,569	50.0	26.3
Electrical goods	92,020	92,967	92,907	89,543	91.4	75.4
Hardware, and plumbing and heating equipment and supplies	5,039	5,489	2,721	5,604	6.3	12.2
Machinery, equipment, and supplies	51,548	51,526	27,672	27,014	75.6	47.4
Miscellaneous durable goods	28,216	30,048	65,877	67,459	34.2	26.2
Paper and paper products	6,987	6,903	16,218	19,490	20.0	27.7
Apparel, piece goods, and notions	(D)	25,238	33,755	31,206	99.1	55.4
Grocery and related products	39,133	40,657	161,454	90,748	267.5	105.4
Farm product raw materials	(D)	55,821	19,088	37,159	4.9	K
Chemical and allied products	(D)	62,452	16,186	23,265	20.4	24.1
Beer, wine, and distilled alcoholic beverages	(D)	5,748	(D)	5,035	0.1	3.6
Miscellaneous nondurable goods	72,680	71,116	23,710	43,052	K	39.4
Wholesale electronic markets and agents and brokers	5,331	5,351	(D)	5,725	J	K

See the note at the end of the table.

In table 4, U.S. parents' sales and employment disaggregated by industry of sales are compared with their sales and employment disaggregated by industry of parent, and foreign affiliates' sales disaggregated by industry of sales are compared with their sales disaggregated by industry of affiliate.

For sales, differences between the distribution by industry of enterprise and the distribution by industry of sales were much larger for U.S. parents than for foreign affiliates, primarily because U.S. parents are more diversified and generally reflected the consolidation of more units than their affiliates.

Table 4. Sales by All Foreign Affiliates and Sales by, and Employment of, All U.S. Parents, by Industry of Enterprise and by Industry of Sales—Continues

	Affiliates		U.S. parents			
	Sales (millions of dollars)		Sales (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales
Retail trade	**256,198**	**289,292**	**930,573**	**975,493**	**4,349.7**	**4,292.7**
General merchandise stores	128,489	128,896	471,922	471,006	2,177.7	2,052.6
Clothing and clothing accessories stores	(D)	17,191	68,840	68,373	635.9	614.3
Other	(D)	143,205	389,811	436,113	1,536.1	1,625.7
Motor vehicle and parts dealers	(D)	8,404	35,095	31,945	137.9	120.5
Furniture and home furnishings stores	(D)	(D)	(D)	7,632	K	37.1
Electronics and appliance stores	(D)	12,598	52,326	55,859	213.4	216.7
Building material and garden equipment and supplies dealers	(D)	(D)	(D)	(D)	M	M
Food and beverage stores	7,758	7,722	66,823	66,427	266.8	266.7
Health and personal care stores	1,727	1,833	8,944	9,808	65.2	107.2
Gasoline stations	24,444	52,973	(D)	32,416	J	52.4
Sporting goods, hobby, book, and music stores	(D)	9,578	25,804	25,542	146.3	135.2
Miscellaneous store retailers	(D)	12,466	36,252	33,943	153.5	140.5
Nonstore retailers	28,029	28,828	50,054	(D)	61.0	L
Information	**300,458**	**293,206**	**708,959**	**669,697**	**1,711.5**	**1,523.9**
Publishing industries	76,798	69,014	131,205	127,592	363.1	358.9
Newspaper, periodical, book, and database publishers	(D)	10,911	45,478	50,618	187.0	189.2
Software publishers	(D)	58,103	85,727	76,973	176.1	169.7
Motion picture and sound recording industries	22,633	22,462	37,506	38,488	63.1	75.3
Motion picture and video industries	16,051	15,880	31,783	31,732	58.0	69.6
Sound recording industries	6,582	6,582	5,723	6,756	5.1	5.7
Broadcasting (except Internet) and telecommunications	151,127	150,980	428,413	404,922	929.4	791.7
Broadcasting (except Internet)	14,207	16,315	106,060	89,080	199.5	120.1
Radio and television broadcasting	1,537	1,302	19,913	33,328	35.7	65.5
Cable and other subscription programming	12,670	15,013	86,146	55,752	163.8	54.6
Telecommunications	136,920	134,665	322,353	315,842	729.9	671.6
Wired telecommunications carriers	(D)	28,079	313,168	202,202	718.9	399.5
Wireless telecommunications carriers (except satellite)	(D)	(D)	2,136	(D)	1.5	M
Satellite telecommunications	(D)	(D)	(D)	2,001	0.7	2.5
Other telecommunications	(D)	2,936	(D)	(D)	8.9	K
Data processing, hosting, and related services	(D)	18,890	48,319	39,217	119.9	91.5
Other information services	(D)	31,860	63,515	59,477	236.0	206.4
Finance and insurance	**613,957**	**614,944**	**1,509,372**	**1,592,408**	**2,489.7**	**2,381.2**
Depository credit intermediation (banking)	199,675	198,925	466,971	377,332	1,175.0	943.9
Banks	194,816	193,750	466,971	(D)	1,175.0	M
Branches and agencies	4,859	5,175	0	(D)	0.0	I
Finance, except depository institutions	256,290	260,592	291,898	461,420	516.2	719.6
Securities, commodity contracts, and other intermediation and related activities	161,578	164,422	163,765	282,789	282.4	427.3
Securities and commodity contracts intermediation and brokerage	(D)	80,921	95,618	133,343	158.0	203.0
Other financial investment activities and exchanges	(D)	83,500	68,147	149,445	124.3	224.3
Nondepository credit intermediation and related services	86,174	87,712	124,503	171,632	231.7	287.3
Nondepository credit intermediation	(D)	61,550	99,621	138,124	182.2	211.8
Activities related to credit intermediation	(D)	26,163	24,882	33,507	49.5	75.6
Funds, trusts, and other financial vehicles	8,537	8,458	3,631	6,999	2.2	5.0
Insurance carriers and related activities	157,992	155,427	750,503	753,657	798.4	717.7
Insurance carriers, except life insurance carriers	71,641	67,147	521,680	506,465	575.6	470.8
Life insurance carriers	76,013	78,463	211,484	216,775	150.8	135.8
Agencies, brokerages, and other insurance related activities	10,338	9,817	17,339	30,417	72.0	111.1
Professional, scientific, and technical services	**192,552**	**191,544**	**307,770**	**398,261**	**1,254.1**	**1,397.3**
Architectural, engineering, and related services	26,702	27,320	54,763	62,901	204.1	212.7
Computer systems design and related services	91,369	82,638	115,677	158,574	417.9	503.2
Management, scientific, and technical consulting	19,648	20,657	15,977	40,651	67.6	113.2
Advertising and related services	13,291	13,353	21,829	25,153	86.1	91.7
Other	41,541	47,575	99,524	110,981	478.4	476.4
Legal services	5,666	5,666	44,079	44,112	119.6	98.5
Accounting, tax preparation, bookkeeping, and payroll services	(D)	12,289	27,167	19,821	145.4	103.0
Specialized design services	2,095	2,090	(D)	2,113	H	5.7
Scientific research and development services	7,366	8,486	11,207	19,043	36.1	64.1
Other professional, scientific, and technical services	(D)	19,045	(D)	25,892	M	205.1

See the note at the end of the table.

Estimation and General Validity of the Data

To present direct investment data in the same detail for all majority-owned foreign affiliates and to reduce respondent burden, BEA estimated the items that appeared only on the BE–10B for the affiliates that were reported on the BE–10C or the BE–10D. Most of these BE–10B items were estimated on the basis of relationships among data items for a panel of BE–10B affiliates with similar host country and industry characteristics. Some data items, such as R&D expenditures, were not estimated in this way because their values were not systematically related to the values of other data items on the BE–10C or BE–10D survey forms.[21] As a result of this process, for every data item in the tables for majority-owned affiliates, the statistics presented cover the universe of majority-owned affiliates of U.S. parents.

Estimates were also prepared for some parents and affiliates that failed to report in the benchmark survey but for which BEA had a basis for estimation, usually from data reported in other BEA surveys.

Direct investment position and balance-of-payments data were collected for all affiliates that filed the

21. R&D expenditures were required to be reported for foreign affiliates on the 2009 BE–10B form, but not the BE–10C or BE–10D forms. The reporting threshold on the 2009 BE–10B form was assets, sales, or net income (loss) of more than $80 million. R&D expenditures were not estimated for affiliates below this threshold with two exceptions. First, because the threshold for reporting R&D expenditures was assets, sales, or net income (loss) of more than $60 million on the 2008 and 2010 annual surveys, BEA used the R&D expenditure data reported in 2008 and 2010 for affiliates with assets, sales, or net income (loss) between $60 million and $80 million to impute values for R&D expenditures in 2009 for these affiliates. Thus, in effect, BEA's statistics cover R&D activities for all majority-owned foreign affiliates above $60 million in 2009. Second, BEA used information on the form to impute R&D expenditures for majority-owned foreign affiliates below the reporting threshold that were in the scientific R&D services industry (ISIC 5417).

Table 4. Sales by All Foreign Affiliates and Sales by, and Employment of, All U.S. Parents, by Industry of Enterprise and by Industry of Sales—Continues

	Affiliates		U.S. parents			
	Sales (millions of dollars)		Sales (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales
Other industries	**373,485**	**383,862**	**877,582**	**1,004,461**	**5,011.1**	**5,298.3**
Agriculture, forestry, fishing, and hunting	6,697	7,662	9,338	16,729	54.2	77.1
Crop production	3,165	4,108	595	4,229	4.2	12.5
Animal production	(D)	2,213	8,737	11,431	50.1	62.7
Forestry and logging	(D)	202	5	(D)	(*)	1.7
Fishing, hunting, and trapping	(*)	(*)	0	(*)	0.0	(*)
Support activities for agriculture and forestry	(D)	1,139	0	(D)	0.0	0.3
Construction	(D)	21,925	73,085	90,016	228.6	280.2
Construction of buildings	2,733	1,792	21,404	23,162	25.0	26.3
Heavy and civil engineering construction	(D)	18,371	41,200	46,947	151.6	163.3
Special trade contractors	(D)	1,762	10,481	19,907	52.0	90.6
Utilities	(D)	73,258	173,914	202,961	157.8	164.2
Electric power generation, transmission, and distribution	25,841	26,228	132,614	132,304	119.2	111.3
Natural gas distribution	(D)	46,058	37,292	66,911	24.9	41.7
Water, sewage, and other systems	894	971	4,008	3,746	13.7	11.3
Transportation and warehousing	82,858	87,048	234,784	245,607	1,013.4	1,024.4
Air transportation	(D)	3,087	54,984	59,167	178.1	174.0
Rail transportation	(D)	1,963	50,436	48,775	150.1	137.6
Water transportation	(D)	28,848	7,581	9,512	16.2	24.1
Petroleum tanker operations	(D)	6,075	(D)	1,296	F	2.7
Other water transportation	(D)	22,773	(D)	8,216	J	21.4
Truck transportation	(D)	2,353	29,164	29,842	147.4	153.2
Transit and ground passenger transportation	(D)	1,122	6,401	6,276	99.1	98.7
Pipeline transportation	8,263	10,094	27,992	31,971	23.5	35.9
Pipeline transportation of crude oil, refined petroleum products, and natural gas	8,263	10,094	27,992	(D)	23.5	K
Other pipeline transportation	0	0	0	(D)	0.0	G
Scenic and sightseeing transportation	(D)	(D)	(D)	(D)	(*)	0.9
Support activities for transportation	15,288	14,824	(D)	28,221	K	L
Couriers and messengers	18,897	18,897	(D)	(D)	M	M
Warehousing and storage facilities	5,241	(D)	1,740	(D)	11.2	22.6
Petroleum storage for hire	441	553	(D)	1,147	0.3	1.8
Other warehousing and storage	4,800	(D)	(D)	(D)	10.9	20.8
Real estate and rental and leasing	57,391	59,340	64,186	99,750	230.0	243.2
Real estate	14,975	15,122	20,686	25,907	59.2	69.1
Rental and leasing (except real estate)	42,416	44,218	43,500	73,843	170.9	174.1
Automotive equipment rental and leasing	6,495	6,833	24,639	23,751	102.2	81.5
Other rental and leasing services	(D)	19,508	10,249	30,420	51.2	80.6
Lessors of nonfinancial intangible assets (except copyrighted works)	(D)	17,877	8,612	19,672	17.4	11.9
Management of nonbank companies and enterprises	4,308	4,343	1,034	1,436	2.4	10.9
Holding companies, except bank holding companies	(*)	0	(D)	0	2.1	0.8
Corporate, subsidiary, and regional management offices	4,308	4,343	(D)	1,436	0.3	10.0

See the note at the end of the table.

BE–10B form. For those affiliates that filed a BE–10C or BE–10D form, the direct investment position and balance-of-payments data were estimated from the information reported on affiliate operations.[22] For every item in the tables for the direct investment position and balance-of-payments data, the statistics cover the universe of all affiliates.

The data reported for U.S. parents and foreign affiliates were required to pass a substantial number of computerized edit checks. The data for a parent or an affiliate were reviewed for their consistency with related data for the parent or affiliate from other parts of the survey form and with data provided in related survey forms. When possible, the data were also compared to comparable data reported by other parents or affiliates, and to comparable data from outside sources. As a result of this edit and review process, a number of changes to the reported data were made, usually after consultation with survey respondents. In some cases, usually those of smaller parents and affiliates, estimates based on industry averages or on other information were substituted for missing or erroneously reported data.

For some items—such as those pertaining to trade by country of origin or destination and employment by industry of sales—parents and affiliates had difficulty in supplying the required information because the data were not easily accessible or were unavailable from their standard accounting records. In these cases, affiliates often made estimates, the quality of which is difficult to assess.

Number of U.S. Parents and Foreign Affiliates

Table I.A1 shows by country the number of foreign affiliates with total assets, sales, or net income (loss) greater than $25 million, the minimum size threshold for reporting on the standard 2009 benchmark survey form. Table I.A2 shows the number of U.S. parents and

22. The direct investment position was estimated in two parts. The equity position was estimated by multiplying the U.S. parent's percentage of direct ownership in the affiliate by the affiliate's total owner's equity. The debt position was estimated by subtracting debt owed to the affiliate by its U.S. parent from debt owed to the parent by the affiliate. Direct investment income was estimated by multiplying the U.S. parent's percentage of direct ownership in the affiliate by the affiliate's net income (or loss) after foreign income tax.

Table 4. Sales by All Foreign Affiliates and Sales by, and Employment of, All U.S. Parents, by Industry of Enterprise and by Industry of Sales—Table Ends

	Affiliates		U.S. parents			
	Sales (millions of dollars)		Sales (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales
Administration, support, and waste management	48,490	47,841	126,223	124,127	1,036.4	970.9
Administrative and support services	45,891	45,111	111,031	107,577	978.7	913.4
Office administrative services	(D)	1,146	(D)	8,913	M	27.6
Facilities support services	693	901	(D)	6,627	J	43.1
Employment services	(D)	18,175	15,671	17,088	356.3	364.2
Business support services	(D)	12,252	40,055	36,838	173.7	164.4
Travel arrangement and reservation services	(D)	5,446	7,635	9,285	13.1	17.2
Investigation and security services	2,938	2,832	19,214	13,836	210.2	199.9
Services to buildings and dwellings	519	1,103	5,010	7,239	63.3	72.0
Other support services	(D)	3,257	6,209	7,752	6.9	24.9
Waste management and remediation services	2,598	2,730	15,192	16,551	57.7	57.5
Health care and social assistance	(D)	2,881	55,282	58,033	445.3	448.9
Ambulatory health care services	1,010	1,010	13,782	17,525	88.8	156.3
Hospitals	911	929	(D)	(D)	M	161.7
Nursing and residential care facilities	(D)	(D)	(D)	(D)	M	M
Social assistance	(D)	(D)	(D)	(D)	(*)	G
Accommodation and food services	45,137	45,781	87,018	84,658	1,344.6	1,459.5
Accommodation	10,214	10,299	28,859	33,054	316.5	441.4
Food services and drinking places	34,923	35,482	58,160	51,604	1,028.1	1,018.1
Miscellaneous services	28,400	33,784	52,718	81,144	498.3	619.1
Educational services	(D)	3,219	13,561	13,457	104.3	107.0
Arts, entertainment, and recreation	17,810	16,800	25,489	30,981	240.7	262.6
Performing arts, spectator sports, and related industries	4,329	4,329	5,148	6,512	13.5	14.2
Museums, historical sites, and similar institutions	0	(D)	(D)	(D)	0.2	0.2
Amusement, gambling, and recreation industries	13,481	(D)	(D)	(D)	226.9	248.2
Other services (except public administration and private households)	(D)	13,765	13,668	36,706	153.4	249.5
Repair and maintenance	4,993	11,471	3,155	25,622	19.2	121.8
Personal and laundry services	(D)	2,295	10,513	11,084	134.2	127.6
Nonbusiness entities, except Government	0	(*)	0	0	0.0	0.0
Auxiliaries	**0**	**0**	**0**	**0**	**0.0**	**1,280.9**
Unspecified	**0**	**8,428**	**0**	**42,967**	**0.0**	**71.3**

D Suppressed to avoid disclosure of data of individual companies.
Note. Size ranges are given in employment cells that are suppressed. The size ranges are: 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.

foreign affiliates by industry.

The numbers of parents and affiliates are not strictly comparable with the number shown in previous benchmark and annual survey publications because of differences in the criteria for reporting on the different forms. The numbers in this document cover affiliates that met the 2009 benchmark survey's $25 million reporting criterion for filing a BE–10B or BE–10C form and cover parents that had at least one affiliate reporting on those forms. The number in earlier benchmark survey publications are based on the size criteria in those surveys, which differed from those in 2009. For example, the size threshold for foreign affiliates was $10 million in the 2004 benchmark survey, $7 million in the 1999, and $3 million in the 1982, 1989, and 1994 benchmark surveys.

The numbers of parents and affiliates should be used cautiously because, except for those shown in table 2, they exclude the numerous very small affiliates, which are affiliates with total assets, sales, or net income (loss) of $25 million or less, and smaller parents that only filed a partial Form BE–10A. In addition, survey forms were not filed for some parents and affiliates that met the reporting criteria. Because of limited resources, BEA's efforts to ensure compliance with reporting requirements focused mainly on large parents and affiliates. As a result, some of the parents of small affiliates that were not aware of the reporting requirements and that were not on BEA's mailing list may not have filed reports. The omission of these parents and affiliates from the benchmark survey results probably has not significantly affected the aggregate value of the various data items collected. However, it could have caused an unknown, but possibly significant, understatement of number counts or other measures of the operations of parents and affiliates, particularly for parents or affiliates in narrowly defined industries or for affiliates in small host countries.

Even an exact count of parents or affiliates would be difficult to interpret because each report covers a consolidated business enterprise. The number of consolidated business enterprises varies according to the degree of consolidation by enterprise and differences in the organizational structure of the enterprises.

Financial and Operating Data for Foreign Affiliates and U.S. Parents

Financial and operating data cover the overall operations of U.S. parents and their affiliates, which allows for analysis of a broad range of topics related to international investment. Among the items covered by these data are the following: 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 expenditures.

The financial and operating data for foreign affiliates are not adjusted for the ownership share of the U.S. parents. Thus, for example, the employment data include all the employees of each affiliate, including affiliates in which the U.S. parent's ownership share is less than 100 percent.

Most of the concepts and definitions used in reporting the financial and operating data can be found in the instructions on the survey forms. The following discussion focuses on the concepts, definitions, and statistical issues that require further explanation or that are not covered in the forms or the instructions.

Balance sheets and income statements

U.S. parents' and their foreign affiliates' balance sheets and income statements are required to be reported as they would have been for stockholders' reports, preferably according to U.S. GAAP. Some exceptions, such as consolidation, are explained in the survey instructions.

For most parents and foreign affiliates, the income statement includes all types of income, both ordinary and extraordinary. However, for some parents and affiliates, such as those in insurance, GAAP requires certain unrealized gains and losses to be carried directly to owners' equity in the balance sheet rather than to be recorded on the income statement. This GAAP requirement also applies to BEA reporting.

Under GAAP, depreciation and depletion charges are used to distribute the cost of an asset over that asset's estimated useful life. For example, parents and affiliates engaged in extracting natural resources report net income after the deduction of book depletion—that is, those expenses representing the periodic chargeoff of the actual cost of natural resources. Tax or percentage depletion is not deducted. This GAAP requirement also applies to BEA reporting.

Value added

Value added is an economic accounting measure of the production of goods and services. A foreign affiliate's value added measures the value of its production net of any intermediate inputs produced by others. It measures the affiliate's contribution to the gross domestic product (GDP) of the foreign host country. Likewise, a U.S. parent's value added measures the parent's contribution to U.S. GDP.

A firm's value added can be measured as gross output (revenue) less its intermediate inputs (purchased goods and services used in production). Alternatively, it can be measured as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production.[23] The costs fall into four major categories: compensation of employees, net interest paid, taxes on production and imports, and the capital consumption allowance.[24] The estimates presented in this document were calculated as the sum of costs incurred and profits earned in production.

Value added is generally preferred to sales or other measures to assess the economic impact of parents or affiliates on the overall economy and on individual industries. Value added permits a more focused analysis of the impact of U.S. multinational companies because it measures only the companies' contributions to economic output, whereas sales do not distinguish between the parent's or the affiliate's contribution nor the value of output embodied in inputs purchased from other companies. In addition, value added is a better measure of a parent's or affiliate's contribution to the economy during a specific period than sales, which may represent production from earlier periods.

Goods and services supplied

For U.S. parents and majority-owned foreign affiliates, the 2009 benchmark survey collected data on sales or gross operating revenues disaggregated into goods, services, and investment income. Sales were further disaggregated according to whether they were to affiliated parties or unaffiliated parties and whether the customer was in the United States, the country of the foreign affiliate, or another foreign country. Supplemental information collected in the benchmark survey for affiliate activities in the banking, insurance, and wholesale and retail trade industries was used to adjust the reported data on sales of goods and services to produce statistics on the value of goods and services *supplied*, BEA's new featured measure of the output of goods and services provided by majority-owned foreign affiliates of U.S. companies.[25]

For purposes of distributing sales or gross revenues into goods, services, and investment income, "goods" are generally defined to be economic outputs that are tangible and "services" are generally defined to be economic outputs that are intangible.[26] Information on investment income was collected primarily to ensure that if investment income was included in total sales or gross operating revenues, it would not be included in sales of services. In finance and insurance, companies include investment income in sales because it is generated by a primary activity of the firm. In other industries, most companies consider investment income an incidental source of gross operating revenues and include it in the income statement in an "other income" category rather than in sales.

For most industries, goods and services supplied by U.S. parents and foreign affiliates are equal to the reported values of sales of goods and services. Adjustments to these reported sales values are made for bank parents and affiliates and for parents and affiliates with activities in insurance or in wholesale or retail trade to provide better measures of their output. For banks, services supplied include explicit fees and commissions and an estimate of the value of implicit services provided by banks, often referred to as financial intermediation services indirectly measured.[27] For insurance, services supplied consists of BEA's estimate of premiums remaining after provision for expected or "normal" losses and a measure of premium supplements, which represent income earned on funds insurers hold

23. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of U.S. income taxes, excluding capital gains and losses and income from equity investments, and reflects certain other adjustments needed to convert profits from a financial accounting basis to an economic accounting basis.

24. In the U.S. national income and product accounts, two measures of depreciation, or capital consumption, are used—the *capital consumption allowance* and the *consumption of fixed capital*. The capital consumption allowance (CCA) consists of depreciation charges, which are based mainly on tax returns, and allowances for accidental damage to fixed capital. Consumption of fixed capital consists of CCA plus an adjustment to place depreciation on an economic basis that uses economic service lives, depreciation following a geometric pattern, and replacement-cost valuation.

For U.S. parents and foreign affiliates, the only measure of capital consumption available from BEA's survey data is the book value of depreciation, reported on a basis consistent with GAAP. Because this measure does not provide for replacement-cost valuation, it is termed the "capital consumption allowance" in this document.

The basis used to measure depreciation has no effect on the measurement of total value added; any differences between the measures of depreciation, which is a cost of production, have equal and offsetting effects on the profit-type-return component.

25. Statistics on services supplied though majority-owned foreign affiliates of U.S. companies are presented together with data on cross-border trade in services in annual articles in the Survey of Current Business. For the most recent presentation, see Marilyn Ibarra-Caton and Charu Sharma, "U.S. International Services: Cross-Border Trade in 2011 and Services Supplied Through Affiliates in 2010," Survey 92 (October 2012): 15–58. In this article, the series on services supplied through majority-owned foreign affiliates of U.S. companies begins with the year 2004, the first year for which the new measures are available for both majority-owned foreign affiliates of U.S. companies and majority-owned U.S. affiliates of foreign companies. Beginning with the data in this document, statistics on goods and services supplied on the new basis are presented for BEA's benchmark and annual data publications on U.S. direct investment abroad.

26. Tangible outputs are typically associated with establishments in the following six NAICS sectors: agriculture, forestry, fishing, and hunting (except support activities for agriculture and forestry); mining (except support activities); construction; manufacturing; wholesale trade; and retail trade.

Intangible outputs are typically associated with establishments in the 14 other NAICS sectors: utilities; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; other services (except public administration); public administration; and establishments that provide support activities for agriculture and forestry and for mining.

27. The value of implicit services provided by banks is measured by the implicit fees they earn by offering lower interest rates on deposits than they charge on loans.

on policymakers' behalf. For wholesalers and retailers, services supplied includes an estimate of the distributive services affiliates provide by selling, or arranging for the sales of, goods. This estimate of distributive services is subtracted from the reported value of sales of goods to produce a measure of goods supplied that includes only the value of the goods resold. These adjustments to reported sales of goods and services affect the distribution of sales or operating revenues between goods and services supplied and investment income, but do not affect the total value of sales or operating revenues.

Employment and compensation of employees

Respondents to the 2009 benchmark survey were asked to report employment as the number of full-time and part-time employees on the payroll at the end of fiscal year 2009. However, a count taken during the year was accepted if it was a reasonable proxy for the end-of-year number. In addition, if employment at the end of the year was unusually high or low because of temporary factors, such as seasonal variations or a strike, a number reflecting normal operations was requested.

Employment by U.S. parents is classified both by industry of parent and by industry of sales. The classification by industry of sales is based on information supplied by each U.S. parent on employment in the individual four-digit industries in which it had sales.

Employment by foreign affiliates is classified both by industry of affiliate and by industry of U.S. parent. It is not classified by industry of sales because the necessary data were not collected.

Data on both employment and compensation of employees were collected in the benchmark survey covering parents and affiliates' total U.S. operations. Although these data could be used to compute rates of compensation per employee, these rates may not accurately reflect the compensation rates normally paid by U.S. multinational companies and thus, are not shown in this document. The computed rates may be distorted by the inclusion of part-time employees, because part-time employees are counted the same as full-time employees, or by data that cover only part of the year. For example, compensation may be reported for a parent or affiliate that was newly established during the year.

U.S. trade in goods

The concepts and definitions underlying the data collected in the benchmark survey on trade in goods are nearly identical to those used for the data on total U.S. trade in goods compiled by the Census Bureau. Although the trade data are particularly difficult for U.S. multinational companies to report, BEA's review of the reported data indicates that most of the data conform well to Census Bureau concepts and definitions. However, because of certain reporting issues described below, there are some measurement differences between the U.S. multinational company trade data and the Census Bureau trade data. Nonetheless, BEA believes that comparisons between the data on total U.S. goods trade and the trade of U.S. multinationals are valid and makes such comparisons in its analysis of trends in multinational financial and operating data.

In the benchmark survey, data on U.S. trade in goods were requested on a "shipped" basis—that is, on the basis of when, where, and to (or by) whom the goods were shipped—in order for them to be comparable with official U.S. trade data. However, most survey respondents keep their accounting records on a "charged" basis—that is, on the basis of when, where, and to (or by) whom the goods were charged. The two bases are often the same, but they can differ substantially. For example, if a U.S. parent buys goods from country A and sells them to country B and if the goods are shipped directly from country A to country B, the parent's books would show a purchase from country A and a sale to country B. Because the goods never entered or left the United States, on a shipped basis, they would not be recorded as either U.S. imports or U.S. exports. However, if the parent's trade data were reported on a charged basis, the purchase would appear as a U.S. import and the sale would appear as a U.S. export.

On the basis of its review, BEA believes most data were reported on a shipped basis rather than on a charged basis. However, some survey respondents had difficulty obtaining data on a shipped basis, which usually requires using shipping department invoices rather than accounting records. If BEA determined that the data were reported on a charged basis and that these data were likely to differ materially from data reported on a shipped basis, it required revised reports to be filed. However, some cases of erroneous reporting were probably not identified.

In addition, the data on trade by U.S. multinational companies are collected and reported by BEA on a fiscal year basis, whereas the data on total U.S. trade in goods that are collected by the Census Bureau are on a calendar year basis. In the 2009 benchmark survey, U.S. multinational companies whose fiscal year exactly corresponded to the calendar year 2009 accounted for 70 percent of the total exports and for 73 percent of the total imports of goods reported for all U.S. multinational companies (table 3).

Additional differences between the BEA trade data and the Census Bureau trade data may have resulted simply because the data come from different sources: The BEA data are based on company records, whereas the Census Bureau data are compiled from export and import documents filed by shippers with the U.S. Bureau of Customs and Border Protection on individual transactions. The timing, valuation, origin or destination, shipper, and product involved in a given transaction may be recorded differently on company records than on these export and import documents.

In the 2009 benchmark survey, as in previous benchmark surveys, U.S. exports of goods shipped to majority-owned foreign affiliates were also disaggregated by intended use into three categories: goods for further manufacture, goods for resale without further manufacture, and a residual category that includes capital goods.

Total trade of a given U.S. parent with all of its foreign affiliates combined was reported on the parent survey form (BE–10A). Trade of a foreign affiliate with its U.S. parent was reported on the affiliate survey form (BE–10B). However, the total trade of a U.S. parent with all of its affiliates combined may not equal the sum of the trade with the U.S. parent that was reported for the affiliates because (1) there may be differences in timing and valuation in reporting and (2) the parent's survey form may include data for affiliates that reported on the Form BE–10D.

Research and development

The 2009 benchmark survey collected data on two technology-related items: research and development (R&D) expenditures and the number of employees engaged in R&D-related activities.

As in previous benchmark surveys, the 2009 benchmark survey data on R&D expenditures were collected for both R&D *funded* by the parent or the affiliate (whether the R&D was performed internally or by others) and R&D *performed* by the parent or the affiliate (whether the R&D was for its own use or for use by others). R&D funded views R&D from the perspective of the costs of production and can be used as an indicator of U.S. multinational companies' use of technology. This basis is consistent with guidelines of the Financial Accounting Standards Board for accounting for the costs of R&D. R&D performed can be used to gauge the technological capabilities of U.S. multinational companies. Only the data on R&D performed are collected on the annual survey of U.S. direct investment abroad.

Direct Investment Position and Balance of Payments Data

Direct investment position and direct investment balance-of-payments data measure the value of U.S. parents' investment positions in and transactions with their foreign affiliates.[28] In contrast, the financial and operating data of U.S. multinational companies provide measures of the overall operations of those companies, including their transactions and positions with persons outside of the company. For example, the U.S. direct investment position in a foreign affiliate is equal to its U.S. parents' equity in, and net outstanding loans to, the affiliate. In contrast, a foreign affiliate's total assets are equal to the sum of (1) the total owners' equity in the affiliate that is held by its U.S. parents and by all other persons and (2) the total liabilities owed by the affiliate to its U.S. parents and to all other persons.[29]

For U.S. direct investment abroad, two major items appear in the U.S. international transactions (balance-of-payments) accounts: direct investment financial flows and direct investment income. Direct investment financial flows, which are recorded in the financial account of the U.S. international transactions accounts, arise from transactions that change financial claims (assets) and liabilities between U.S. parents and their foreign affiliates. Direct investment income is the return on the U.S. direct investment position abroad; that is, it is the U.S. parents' return on their debt and equity investment in foreign affiliates.

Two adjustments are made to the balance-of-payments data before they are entered into the U.S. international accounts. First, the two items are adjusted to reflect current-period prices. The adjustments are made only at the global level; the data required to make them for countries and industries are not available.

The adjustments are accomplished in three steps. First, a capital consumption adjustment is made to convert depreciation charges from a historical-cost

28. In this document, the direct investment position and direct investment balance-of-payments data are presented according to the directional principle, which focuses on the direction of the direct investment relationship. For a discussion of the directional principle and its contrast with the asset and liability presentation of direct investment data, see IMF, *Balance of Payments and International Investment Position Manual*, 6th ed., pp. 107–109.

29. For example, if an affiliate is owned 80 percent by its U.S. parent and the affiliate has total owners' equity of \$50 million and total liabilities of \$100 million, of which \$20 million is owed to the parent, then the affiliate's total assets would be \$150 million (total owners' equity of \$50 million plus total liabilities of \$100 million), and the parents' position in the affiliate would be \$60 million (80 percent of the \$50 million of owners' equity plus the \$20 million of intercompany debt).

basis to a current-cost (or replacement-cost) basis. Second, earnings are raised by the amount of charges for the depletion of natural resources, because these charges are not treated as production costs in the national income and product accounts. Third, expenses for mineral exploration and development are reallocated across periods to ensure that they are written off over their economic lives rather than all at once.

Under the second adjustment, the data from the benchmark survey are adjusted from a fiscal year basis to a calendar year basis. As discussed in the section on fiscal year reporting, the direct investment position and balance-of-payments data collected in the 2009 benchmark survey are on a fiscal year basis. Thus, before the data are incorporated into the U.S. international transactions accounts and the annual series on the position, which are on a calendar year basis, they are adjusted from a fiscal year basis to a calendar year basis. The adjusted calendar year data for 2009 are extrapolated forward to derive universe estimates for calendar years after 2009 on the basis of sample data collected in BEA's quarterly surveys for those subsequent years.

U.S. direct investment position abroad

The U.S. direct investment position abroad as reported in this document is equal to the net book value of U.S. parents' equity in, and net outstanding loans to, their foreign affiliates at historical cost. The position may be viewed as financing provided in the form of equity or debt by U.S. parents to their foreign affiliates.

The direct investment position data presented in this document are valued at historical cost and largely reflect prices at the time of investment rather than prices of the current period. Because historical cost is the primary basis used for valuation in company accounting records in the United States, it is the basis on which companies can most easily report data in BEA's direct investment surveys. It is also the only basis on which detailed estimates of the position are available by country, by industry, and by account. However, BEA does provide aggregate estimates of the position valued in current-period prices.[30]

U.S. parents' equity in incorporated foreign affiliates can be disaggregated into (1) U.S. parents' holdings of capital stock in, and other capital contributions to, their affiliates and (2) U.S. parents' equity in the retained earnings of their affiliates. Capital stock includes all stock of affiliates—both common and preferred and both voting and nonvoting. Other capital contributions by U.S. parents, also referred to as the "U.S. parents' equity in additional paid-in capital," consist of the invested and contributed capital that is not included in capital stock, such as cash contributions, the amount paid for stock in excess of its par or stated value, and the capitalization of intercompany accounts (conversions of debt to equity) that do not result in the issuance of capital stock. U.S. parents' equity in retained earnings is the U.S. parents' shares of the cumulative undistributed earnings of their incorporated foreign affiliates.

Although many unincorporated affiliates could not disaggregate owners' equity by type, the data on U.S. parents' equity in affiliates by type cover both incorporated and unincorporated affiliates. For unincorporated affiliates for which no breakdown of owners' equity by type was available, the parents' total equity was included in "other" equity. The U.S. parents' share in total owners' equity (not broken down by type) is shown for incorporated affiliates and for unincorporated affiliates in the addenda to the tables.

U.S. parents' net outstanding loans to their foreign affiliates, also referred to as "foreign affiliates' net intercompany debt," consists of trade accounts and trade notes payable, other current liabilities, and long-term debt owed by the affiliates to their U.S. parents, net of similar items owed to the affiliates by their U.S. parents.

Intercompany debt includes the value of capital leases and of operating leases of more than one year between U.S. parents and their foreign affiliates. The value of property leased to a foreign affiliate by its U.S. parent is included in affiliates' payables, and the value of property leased by a foreign affiliate to its U.S. parent is included in affiliates' receivables. Under a capital lease, it is assumed that the title to the leased property will be transferred to the lessee at the termination of the lease, similar to an installment sale. The term of operating leases is significantly shorter than the expected useful life of the tangible property being leased, and the leased property is usually returned to the lessor at the termination of the lease. For capital leases, the value of the leased property is calculated according to GAAP whereby, the lessee records either the present value of the future lease payments or the fair market value, whichever is lower, and the lessor records the present value of future lease receipts. For operating leases of more than 1 year, which are carried only on the balance sheet of the lessor, the value recorded is the original cost of the leased property less the accumulated depreciation.

30. Position estimates measured at current cost and at market value for U.S. direct investment abroad and for foreign direct investment in the United States are published each July in an article in the SURVEY on the U.S. international investment position. See Elena L. Nguyen, "The International Investment Position of the United States at Yearend 2011," SURVEY 92 (July 2012): 9–18. For a discussion of concepts and estimating procedures, see J. Steven Landefeld and Ann M. Lawson, "Valuation of the U.S. Net International Investment Position," SURVEY 71 (May 1991): 40–49.

For foreign affiliates primarily engaged in financial intermediation, i.e., those that are in finance industries including banks and excluding insurance, and that have U.S. parents that are also in finance, the direct investment position excludes all intercompany debt, both permanent debt and short term debt. The intercompany debt of U.S. parents and foreign affiliates in finance is included in other investment accounts in the international investment position. Similarly, the direct investment flows that enter the U.S. international transactions accounts for these foreign affiliates exclude all debt investment and associated interest. This treatment follows the sixth edition of the *Balance of Payments and International Investment Position Manual*, issued by the International Monetary Fund.[31]

A U.S. parent and its foreign affiliate may have a two-way financial relationship—each may have debt and equity investment in the other. Thus, a U.S. parent may have investment in a foreign affiliate that, in turn, has investment in the U.S. parent as a result of the affiliate's lending funds to, or acquiring voting securities or other equity interest in, the U.S. parent. In the intercompany debt portion of the position, affiliates' receivables from their U.S. parents (reverse debt investment) are netted against affiliates' payables to their U.S. parents.[32] Equity investment by foreign affiliates in their U.S. parents is included in the foreign direct investment position in the United States if the affiliate's ownership is 10 percent or more and in the "U.S. securities" component of foreign-owned assets in the United States of the U.S. international investment position if the affiliate's ownership is less than 10 percent.

The direct investment position at the end of the year is equal to the position at the end of the previous year plus the change in the position during the year (table 5). The change during the year is the sum of direct investment financial flows (defined in the next section) and valuation adjustments. Valuation adjustments are broadly defined to include all changes in the position other than financial flows. They primarily reflect differences between transactions values, which are used to record direct investment financial flows, and the book values on foreign affiliates' books, which are used to record the position and, hence, changes in the position. For example, valuation adjustments include differences between the sale value and book value of foreign affiliates that are sold by U.S. parents and differences between the purchase price and the book value of foreign affiliates that are acquired by U.S. parents.[33] They also include (1) currency-translation adjustments—that is, the gains and losses that arise because of changes in the exchange rates used in translating affiliates' foreign-currency-denominated assets and liabilities into U.S. dollars and (2) other capital gains and losses, such as revaluations of assets that result from mergers and acquisitions.

Direct investment financial flows

Direct investment financial flows, which are recorded in the financial account of the U.S. international transactions accounts, arise from transactions that change financial claims (assets) and liabilities between U.S. parents and their foreign affiliates. Financial inflows arise from transactions that increase U.S. liabilities or decrease U.S. assets, and financial outflows arise from transactions that decrease U.S. liabilities or increase U.S. assets. Direct investment financial flows consist of equity investment, reinvested earnings, and intercompany debt transactions. This section first defines these components and then discusses the coverage, measurement, and presentation of direct investment financial flows.

Equity investment. Equity investment is the difference between increases and decreases in U.S. parents' equity in their foreign affiliates. Equity increases arise from (1) U.S. parents' establishment of new foreign affiliates, (2) payments by U.S. parents to unaffiliated

Table 5. Change in the Direct Investment Position on a Historical-Cost Basis

[Millions of dollars]

Position at yearend 2008	**3,216,580**
Change in position	288,631
Financial outflows	313,993
Equity	52,421
Increases	139,064
Decreases	86,643
Reinvested earnings without current-cost adjustment	193,691
Intercompany debt	67,880
Increases in U.S. parents' receivables	81,442
Increases in U.S. parents' payables	13,562
Valuation adjustments	–25,362
Position at yearend 2009	**3,505,211**

31. Prior to 2007, permanent debt investment by a U.S. parent in a foreign affiliate that is a depository institution, which was defined as debt investment that was deemed to represent a lasting interest in the institution, was included in the direct investment position along with equity investment; this treatment was consistent with the fifth edition of the *Balance of Payments Manual*. All other transactions and positions between affiliated depository institutions—mainly claims and liabilities arising from the parents' and affiliates' normal banking business—were excluded from the direct investment accounts and included with other banking claims and liabilities.

32. In the extremely rare case in which a U.S. parent and its foreign affiliate own 10 percent or more of each other, a U.S. parents' debt investment in the foreign affiliate is not netted against the foreign affiliate's debt investment in it. To avoid double-counting, the foreign affiliate's debt investment in the parent is included in the foreign direct investment position in the United States, and the parent's debt investment in the foreign affiliate is included in the U.S. direct investment position abroad. At yearend 2009, the cumulative value of foreign affiliate's direct equity investment in their U.S. parents was $480 million.

33. For the current-price estimates of the U.S. direct investment position abroad entered in the U.S. international investment position, the corresponding adjustments would reflect differences between the transactions values and the estimated current values of the foreign affiliates.

parties for the purchase of capital stock or other equity interests when they acquire an existing foreign business enterprise, (3) payments made to acquire additional ownership interests in existing foreign affiliates, and (4) capital contributions to their foreign affiliates. Equity increases exclude changes in equity that result from reinvested earnings, which are recorded as a separate component of direct investment financial flows.

Equity decreases are the funds U.S. parents receive when they reduce their equity interest in their foreign affiliates. Equity decreases result from liquidations of foreign affiliates, from partial or total sales of ownership interests in foreign affiliates, and from the return of financial contributions. Equity decreases also include liquidating dividends, which are a return of capital to U.S. parents.

Equity increases and decreases are recorded at transactions values. In most cases, transactions values may be obtained from the books of the U.S. parents rather than the books of the foreign affiliates. The information is obtained from the books of the parents partly because some transactions—such as when a U.S. parent purchases or sells stock in an affiliate with an unaffiliated third party—are not recorded in the books of the foreign affiliate. In addition, transactions values on the parents' books reflect the actual cost of ownership interests in affiliates that are acquired or sold by U.S. parents, including any premium or discount; such values may differ from the book values recorded on the affiliates' books.

Reinvested earnings. Reinvested earnings of foreign affiliates are earnings less distributed earnings. Earnings are U.S. parents' shares in the net income of their foreign affiliates after the provision for foreign income taxes; they are obtained from the books of the foreign affiliate.[34] A U.S. parent's share in earnings is based on its directly held equity interest in the foreign affiliate. The earnings and reinvested earnings estimates in this document are not adjusted to reflect current-period prices because the source data needed to adjust the estimates by country and industry are not available.

Earnings are entered into direct investment income because they are income to the U.S. parent, whether they are reinvested in the affiliate or remitted to the parent. However, because reinvested earnings are not actually transferred to the U.S. parent but increase the parent's investment in its affiliate, an entry equal to that made in the direct investment income account but with opposite sign is made in the direct investment financial flows.

34. As discussed in the next section, "Direct investment income," earnings exclude capital gains and losses even if they are included in net income for income statement purposes.

For incorporated foreign affiliates, distributed earnings are dividends on common and preferred stock of the affiliates held by their U.S. parents. Distributions can be paid out of current or past earnings. Dividends exclude stock and liquidating dividends. Stock dividends are excluded because they are a capitalization of retained earnings—a substitution of one type of equity (capital stock) for another (retained earnings). They reduce the amount of retained earnings available for distribution but leave total owners' equity unchanged. Thus, stock dividends do not give rise to entries in the international transactions accounts.[35] Liquidating dividends are excluded because they are a return of capital rather than a remittance of earnings. They are included as decreases in equity in the direct investment financial flows. For unincorporated affiliates, distributed earnings are earnings distributed to U.S. parents out of current or past earnings.

Distributed earnings, like total earnings, are obtained from the books of U.S. parents. Because they are on an accrual basis, they are reported as of the date that they are either received from foreign affiliates or entered into intercompany accounts with foreign affiliates. Distributed earnings are included whether they are paid in cash, through debt creation, or in kind.

Intercompany debt investment. Intercompany debt investment results from changes during the year in net outstanding loans between U.S. parents and their foreign affiliates. The change for a given period is derived by subtracting the net outstanding intercompany debt balance (that is, affiliate payables less affiliate receivables) at the end of the previous period from the net outstanding balance at the end of the current period.

When a U.S. parent lends funds to its foreign affiliate, the balance of the U.S. parents' receivables (amounts due) from the affiliate increases. Subsequently, when the affiliate repays the principal owed to its U.S. parent, the balance of the U.S. parent's receivables from the affiliate is reduced. Similarly, when a U.S. parent borrows funds from its foreign affiliate, the balance of the U.S. parent's payables (amounts owed) to the affiliate increases. Subsequently, when the U.S. parent repays the principal owed to its affiliate, the balance of the U.S. parent's payables to the affiliate is reduced.[36]

Increases in U.S. parents' receivables from, or

35. "Stock dividends" here refers to essentially the same concept that is discussed in the International Monetary Fund (IMF), *Balance of Payments and International Investment Position Manual*, 6th ed. (Washington, DC: IMF, 2009) under the heading of "bonus shares." BEA has retained its terminology because it conforms to what U.S. firms understand by the term "stock dividends."

36. Following the recommendations in the sixth edition of the *Balance of Payments and International Investment Position Manual*, all debt transactions between affiliated bank or finance companies, excluding insurance companies, are excluded from intercompany debt inflows.

reductions in U.S. parents' payables to, their foreign affiliates give rise to increases in intercompany debt investment (financial outflows). Increases in U.S. parents' payables to, or reductions in U.S. parents' receivables from, their affiliates give rise to decreases in intercompany debt investment (financial inflows).

Not all intercompany debt transactions reflect actual flows of funds. For example, when distributed earnings or interest from a foreign affiliate accrue to its U.S. parent, the full amount is included as an income receipt (an inflow) on U.S. direct investment abroad. If all or part of that amount is not actually transferred to the U.S. parent, the amount that is not transferred is entered into intercompany accounts as an increase in the U.S. parent's receivables from its affiliate (an outflow).

The net change in intercompany debt includes changes in the value of capital leases and operating leases of more than 1 year between U.S. parents and their foreign affiliates. When property is leased by a foreign affiliate from its U.S. parent, the value of the leased property is recorded as an increase in intercompany debt investment (a financial outflow) because it increases the parents' receivables. The subsequent payment of principal on a capital lease or the component of rent under an operating lease that reflects depreciation is a return of capital and is recorded as a decrease in intercompany debt investment (a financial inflow) because it reduces the parent's receivables. Similarly, when property is leased to a U.S. parent by its foreign affiliate, the value of the leased property is recorded as an increase in intercompany debt investment because it increases the parent's payables. The parent's subsequent payment of principal on a capital lease or the component of rent on an operating lease that reflects depreciation is a return of capital and is recorded as a decrease in intercompany debt investment because it reduces the parent's payables.

Coverage, measurement, and presentation. Equity and intercompany debt investment mainly result from transactions between U.S. parents and their foreign affiliates. However, some investment may result from transactions between U.S. parents and unaffiliated foreign persons. For example, direct investment equity investment results from a transaction between a U.S. parent and an unaffiliated foreign person when the parent purchases an affiliate's capital stock from the unaffiliated foreign person.

In general, direct investment financial flows exclude transactions between two U.S. persons because U.S.-to-U.S. transactions are not international transactions of the United States. Thus, if one U.S. person purchases a direct investment interest in a foreign affiliate from another U.S. person, the U.S. parent's ownership interest in the foreign affiliate will increase, but no equity investment is recorded, because the transaction occurs entirely within the United States. In addition, there is no net increase in U.S. claims on foreign countries; instead, one U.S. person's claims have merely been substituted for those of another.[37]

However, if the U.S. person's original interest represented a less-than-10-percent investment interest and if the combined interests qualify as a direct investment as a result of the purchase of an additional interest, a direct investment financial outflow equal to the value of the additional interest is recorded. In addition, a valuation adjustment is made to the direct investment position to bring the original interest into the position. If a U.S. parent's interest in an affiliate falls below 10 percent, a direct investment financial inflow is recorded and a valuation adjustment is made to extinguish the remaining direct investment interest. In both cases, offsetting adjustments would be made to the "Foreign securities" component of U.S.-owned assets abroad in the ITAs, so that the reclassification would not affect the overall U.S. international investment position.

Equity and intercompany debt investments can be disaggregated into several subaccounts. Equity investment, which is recorded as a net amount, can be disaggregated to show increases and decreases in equity. Intercompany debt investment is disaggregated to show both the flows resulting from changes in U.S. parents' receivables and the flows resulting from changes in U.S. parents' payables. Certain transactions may affect two or more of these subaccounts simultaneously and by offsetting amounts. Such transactions are "grossed up" in the subaccounts; that is, the outflows and the offsetting inflows are recorded in the affected subaccounts rather than being netted to zero and not recorded in any subaccount. However, because such gross flows are offsetting, they have no effect on net financial flows. For example, the capitalization of intercompany debt, which bring about a decrease in intercompany debt investment (an inflow) and an offsetting increase in equity investment (an outflow), results in gross, but not net, flows.

Direct investment income

Direct investment income is the return on the U.S. direct investment position abroad; that is, it is the U.S. parents' return on their debt and equity investment in foreign affiliates. Direct investment income consists of earnings, that is, U.S. parents' shares in the net income of their foreign affiliates, plus interest on intercompany accounts between U.S. parents and foreign affiliates.

37. Any revaluation of the investment by the new U.S. parent is treated as a valuation adjustment to the U.S. direct investment position abroad.

Interest is defined as interest received by U.S. parents from their foreign affiliates net of interest paid by U.S. parents to their foreign affiliates. Earnings are the U.S. parents' return on their equity investment, and interest is the U.S. parents' return on their debt investment in their foreign affiliates. Table 6 shows direct investment income and its components for all foreign affiliates from the 2009 benchmark survey. Unlike the measure of direct investment income used in the international transactions accounts, it does not include a current-cost adjustment to earnings.

Direct investment income is recorded as accrued. Direct investment income and earnings exclude currency-translation adjustments and other capital gains and losses, whether or not such gains and losses are included in net income for income statement purposes. This treatment is intended to make income and earnings correspond more closely to the current operating performance of foreign affiliates as recommended by international guidelines for the compilation of balance of payments accounts.

Direct investment income is measured before deduction of taxes, that is, gross of all U.S. and foreign withholding taxes.[38] This treatment views taxes as being levied on the recipient of the distributed earnings or interest and thus as being paid across borders, even though, as an administrative convenience, the taxes actually were paid by the firm whose disbursements gave rise to them. Thus, foreign withholding taxes on distributed earnings and on interest received by the U.S. parent are recorded as if they were paid by the parent, not by the foreign affiliate. Similarly, U.S. withholding taxes on interest payments by the U.S. parent are recorded as if they were paid by the foreign affiliate, not by the U.S. parent. Counterentries for these taxes are made in the U.S. international transactions accounts under "unilateral current transfers, net."

Interest is recorded on a net basis as interest paid or credited to U.S. parents on debt owed to them by their foreign affiliates less interest received from, or credited by, U.S. parents on debt owed by them to their foreign affiliates.[39] Interest payments are netted against interest receipts because in the intercompany debt component of the direct investment position, debt owed by U.S. parents to foreign affiliates is netted against debt owed by foreign affiliates to U.S. parents. Like other components of direct investment income, interest is reported as accrued and includes interest paid through debt creation or in kind as well as interest paid in cash.

Interest includes net interest payments on capital leases between U.S. parents and foreign affiliates because the outstanding capitalized value of such leases is included in the intercompany debt component of the direct investment position.[40]

Table 6. Direct Investment Income Without Current-Cost Adjustment and Its Components

[Millions of dollars]

Income	325,344
Earnings	320,917
Distributed earnings	127,225
Reinvested earnings	193,691
Interest	4,427
U.S. parents' receipts	6,999
U.S. parents' payments	2,572

38. Withholding taxes are taxes withheld at the source on income or other funds that are distributed or remitted.

39. For foreign affiliates engaged in financial intermediation, i.e., those that are in finance industries, including banks and excluding insurance, and that have U.S. parents that are also in finance, all interest on intercompany debt is excluded from direct investment income payments. The treatment of interest for this type of affiliate parallels the treatment of their debt transactions with their U.S. parents as described in the section "U.S. direct investment position abroad."

40. Although the value of operating leases of more than 1 year is also included in the intercompany debt position, payments of net rent, which covers interest, administrative expenses, and profits, on such leases are recorded as charges for the use of tangible property, which is part of the direct investment "other private services" account, rather than as interest.

Organization of Tables—Continues

	Group I All foreign affiliates and all U.S. parents	Group II Majority-owned foreign affiliates	Group III Nonbank affiliates of nonbank U.S. parents
A. Selected data			
1. Selected Data for Foreign Affiliates			
in All Countries in Which Investment Was Reported	✓	✓	
by Country			✓
2. Selected Data for Foreign Affiliates and U.S. Parents in All Industries	✓	✓	
B. Balance sheet			
1. Balance Sheet of Affiliates—Assets, Country by Account	✓	✓	
2. Balance Sheet of Affiliates—Liabilities and Owners' Equity, Country by Account	✓	✓	
3. Balance Sheet of Affiliates—Assets, Industry by Account		✓	
4. Balance Sheet of Affiliates—Liabilities and Owners' Equity, Industry by Account		✓	
5. Total Assets of Affiliates, Country by Industry	✓	✓	
6. Total Assets of Affiliates, Industry by Country	✓	✓	
7. Net Property, Plant, and Equipment of Affiliates, Country by Industry	✓	✓	
8. Net Property, Plant, and Equipment of Affiliates, Industry by Country	✓	✓	
9. Owners' Equity of Affiliates, Country by Industry		✓	
10. Owners' Equity of Affiliates, Industry by Country		✓	
11. Balance Sheet of Affiliates—Assets, Industry of U.S. Parent by Account		✓	
12. Balance Sheet of Affiliates—Liabilities and Owners' Equity, Industry of U.S. Parent by Account		✓	
C. Property, plant, and equipment			
1. Change in Property, Plant, and Equipment of Affiliates, Selected Area and Industry of Affiliate by Account		✓	
2. Capital Expenditures by Affiliates, Country by Type		✓	
3. Capital Expenditures by Affiliates, Industry by Type		✓	
4. Capital Expenditures by Affiliates, Country by Industry	✓	✓	
5. Capital Expenditures by Affiliates, Industry by Country	✓	✓	
6. Capital Expenditures by Affiliates, Industry of U.S. Parent by Country		✓	
D. Income statement			
1. Income Statement of Affiliates, Country by Account	✓	✓	
2. Income Statement of Affiliates, Industry by Account		✓	
3. Sales by Affiliates, Country by Industry	✓	✓	
4. Sales by Affiliates, Industry by Country	✓	✓	
5. Sales by Affiliates to Foreign Countries Other Than the Host Country, Country of Affiliate by Country of Destination		✓	
6. Sales by Affiliates to Affiliates in Foreign Countries Other Than the Host Country, Country of Affiliate by Country of Destination		✓	
7. Sales by Affiliates to Unaffiliated Foreigners in Foreign Countries Other Than the Host Country, Country of Affiliate by Country of Destination		✓	
8. Foreign Income Taxes of Affiliates, Country by Industry		✓	
9. Net Income of Affiliates, Country by Industry	✓	✓	
10. Net Income of Affiliates, Industry by Country	✓	✓	
11. Income Statement of Affiliates, Industry of U.S. Parent by Account		✓	
12. Sales by Affiliates, Industry of U.S. Parent by Country	✓	✓	
13. Sales by Affiliates, Industry of Affiliate by Industry of Sales		✓	
E. Goods and services supplied			
1. Goods and Services Supplied by Affiliates, Selected Area and Industry of Affiliate and Type of Output by Destination and Transactor		✓	
2. Goods and Services Supplied by Affiliates, Country of Affiliate by Destination		✓	
3. Goods and Services Supplied by Affiliates, Industry of Affiliate by Destination		✓	
4. Goods and Services Supplied by Affiliates to the United States, Country of Affiliate by Industry of Affiliate		✓	
5. Goods and Services Supplied by Affiliates to Foreign Countries, Country of Affiliate by Industry of Affiliate		✓	
6. Goods and Services Supplied by Affiliates to Foreign Countries, Industry of Affiliate by Country of Affiliate		✓	
7. Goods and Services Supplied by Affiliates to the Host Country, Country of Affiliate by Industry of Affiliate		✓	
8. Goods and Services Supplied by Affiliates to Foreign Countries Other Than the Host Country, Country of Affiliate by Industry of Affiliate		✓	
9. Goods and Services Supplied by Affiliates, Industry of U.S. Parent by Destination		✓	
10. Goods Supplied by Affiliates, Country of Affiliate by Destination		✓	
11. Goods Supplied by Affiliates, Industry of Affiliate by Destination		✓	
12. Services Supplied by Affiliates, Country of Affiliate by Destination		✓	
13. Services Supplied by Affiliates, Industry of Affiliate by Destination		✓	
14. Services Supplied by Affiliates, Country of Affiliate by Industry of Affiliate		✓	
15. Services Supplied by Affiliates, Industry of Affiliate by Country of Affiliate		✓	
16. Services Supplied by Affiliates to Foreigners, Country of Affiliate by Industry of Affiliate		✓	
17. Services Supplied by Affiliates to Foreigners, Industry of Affiliate by Country of Affiliate		✓	
18. Goods and Services Supplied by Affiliates, Industry of U.S. Parent by Type of Output and Destination		✓	

Organization of Tables—Continues

	Group I	Group II	Group III
	All foreign affiliates and all U.S. parents	Majority-owned foreign affiliates	Nonbank affiliates of nonbank U.S. parents
F. Value added			
1. Value Added of Affiliates, Country by Component		✓	
2. Value Added of Affiliates, Industry by Component		✓	
3. Value Added of Affiliates, Country by Industry		✓	
4. Value Added of Affiliates, Industry by Country		✓	
5. Value Added of Affiliates, Industry of U.S. Parent by Component		✓	
6. Value Added of Affiliates, Industry of U.S. Parent by Country		✓	
7. Profit-Type Return of Affiliates, Country by Industry		✓	
8. Profit-Type Return of Affiliates, Industry by Country		✓	
9. Profit-Type Return of Affiliates, Industry of U.S. Parent by Country		✓	
G. Employment and compensation of employees			
1. Employment of Affiliates, Country by Industry	✓	✓	
2. Employment of Affiliates, Industry by Country	✓	✓	
3. Compensation of Employees of Affiliates, Country by Industry	✓	✓	
4. Compensation of Employees of Affiliates, Industry by Country	✓	✓	
5. Employment of Affiliates, Industry of U.S. Parent by Country	✓	✓	
H. U.S. trade in goods			
1. U.S. Trade in Goods With Affiliates, by Country of Affiliate	✓	✓	
2. U.S. Trade in Goods With Affiliates, by Industry of Affiliate	✓	✓	
3. U.S. Exports of Goods Shipped to Affiliates, Country of Affiliate by Industry of Affiliate	✓	✓	
4. U.S. Exports of Goods Shipped to Affiliates, Industry of Affiliate by Country of Affiliate	✓	✓	
5. U.S. Exports of Goods Shipped to Affiliates by U.S. Parents, Country of Affiliate by Industry of Affiliate		✓	
6. U.S. Exports of Goods Shipped to Affiliates, Country of Affiliate by Whom Shipped and Intended Use		✓	
7. U.S. Exports of Goods Shipped to Affiliates, Industry of Affiliate by Whom Shipped and Intended Use		✓	
8. U.S. Exports of Goods Shipped to Affiliates for Resale Without Further Manufacture, Country of Affiliate by Industry of Affiliate		✓	
9. U.S. Exports of Goods Shipped to Affiliates for Further Manufacture, Country of Affiliate by Industry of Affiliate		✓	
10. U.S. Exports of Goods Shipped to Affiliates by U.S. Parents, Industry of U.S. Parent by Intended Use		✓	
11. U.S. Imports of Goods Shipped by Affiliates, Country of Affiliate by Industry of Affiliate	✓	✓	
12. U.S. Imports of Goods Shipped by Affiliates, Industry of Affiliate by Country of Affiliate	✓	✓	
13. U.S. Imports of Goods Shipped by Affiliates to U.S. Parents, Country of Affiliate by Industry of Affiliate		✓	
I. Technology			
1. Research and Development Performed by and Funded by Affiliates, by Country		✓	
2. Research and Development Performed by and Funded by Affiliates, by Industry		✓	
3. Research and Development Performed by Affiliates, Country by Industry		✓	
4. Research and Development Performed by Affiliates, Industry by Country		✓	
5. Research and Development Performed by and Funded by Affiliates, by Industry of U.S. Parent		✓	
6. Research and Development Performed by Affiliates, Industry of U.S. Parent by Country		✓	
7. Royalties and License Fees Transactions With Foreign Countries, Receipts and Payments, Country by Transactor		✓	
8. Royalties and License Fees Transactions With Foreign Countries, Receipts and Payments, Industry by Transactor		✓	
9. Receipts of Royalties and License Fees by Affiliates From Foreign Countries, Country by Industry		✓	
10. Royalties and License Fees Transactions With Foreign Countries, Receipts and Payments, Industry of U.S. Parent by Transactor		✓	
J. Other financial and operating data			
1. Interest, Dividends or Remitted Profits, Production Royalty Payments, and Taxes Other Than Income and Payroll Taxes, by Country of Affiliate		✓	
2. Interest, Dividends or Remitted Profits, Production Royalty Payments, and Taxes Other Than Income and Payroll Taxes, by Industry of Affiliate		✓	
3. Taxes Other Than Income and Payroll Taxes, Country by Industry		✓	
U.S. parent financial and operating data			
K. Selected data			
1. Selected Financial and Operating Data of U.S. Parents, by Industry of U.S. Parent	✓		
2. Number of U.S. Parents That Had Affiliates in a Given Country and Industry, Country by Industry of Affiliate	✓		
L. Balance sheet			
1. Balance Sheet of U.S. Parents-Assets, Industry of U.S. Parent by Account	✓		
2. Balance Sheet of U.S. Parents-Liabilities and Owners' Equity, Industry of U.S. Parent by Account	✓		

Organization of Tables—Table Ends

	Group I	Group II	Group III
	All foreign affiliates and all U.S. parents	Majority-owned foreign affiliates	Nonbank affiliates of nonbank U.S. parents
M. Property, plant, and equipment			
1. Change in Property, Plant, and Equipment of U.S. Parents, Industry of U.S. Parent by Account	✓		
2. Capital Expenditures by U.S. Parents, Industry of U.S. Parent by Account	✓		
N. Income statement			
1. Income Statement of U.S. Parents, Industry of U.S. Parent by Account	✓		
O. Sales			
1. Sales by U.S. Parents, Industry of U.S. Parent by Type and Destination	✓		
2. Sales by U.S. Parents, Industry of U.S. Parent by Industry of Sales	✓		
P. Value added			
1. Value Added of U.S. Parents, Industry of U.S. Parent by Component	✓		
Q. Employment and compensation of employees			
1. Employment of U.S. Parents, Industry of U.S. Parent by Industry of Sales	✓		
R. U.S. trade in goods			
1. U.S. Exports of Goods Associated With U.S. Parents and Their Foreign Affiliates, by Industry of U.S. Parent	✓		
2. U.S. Imports of Goods Associated With U.S. Parents and Their Foreign Affiliates, by Industry of U.S. Parent	✓		
S. Technology			
1. Research and Development Performed by and Funded by U.S. Parents, by Industry of U.S. Parent	✓		
T. Other financial and operating data			
1. Interest, Production Royalty Payments, and Taxes Other Than Income and Payroll Taxes of U.S. Parents, by Industry of U.S. Parent	✓		
Direct investment position and balance of payments data			
U. U.S. Direct investment position abroad			
1. U.S. Direct Investment Position Abroad on a Historical-Cost Basis, Country by Account	✓		
2. U.S. Direct Investment Position Abroad on a Historical-Cost Basis, Country by Industry	✓		
V. Change in the position and direct investment financial flows			
1. Change in the U.S. Direct Investment Position Abroad on a Historical-Cost Basis, Country by Account	✓		
2. Direct Investment Financial Outflows Without Current-Cost Adjustment, Country by Industry	✓		
W. Direct investment income			
1. Direct Investment Income Without Current-Cost Adjustment, Country by Component	✓		
2. Direct Investment Income Without Current-Cost Adjustment, Country by Industry	✓		

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 2009.
- 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. The fully consolidated U.S. domestic business enterprise is defined as: (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 in the United States, whose voting securities are more than 50 percent owned by the U.S. corporation above it. This consolidation excludes foreign branches and all other foreign affiliates.
- 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 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.A1 or II.A1. For the industries, see table I.A2 or II.A2. 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, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

All footnotes follow the last table.