

Worldwide Activities of U.S. Multinational Enterprises: Updated Results From the 2014 Benchmark Survey

Improvements in Coverage

Statistics on the 2014 activities of U.S. multinational enterprises (MNEs) are based on updated results from the 2014 Benchmark Survey of U.S. Direct Investment Abroad. Benchmark surveys are conducted every 5 years and are BEA's most comprehensive surveys of U.S. direct investment abroad, in terms of both the number of companies covered and the amount of information gathered. For this benchmark survey, an increase in the number of reporting enterprises resulted in increased measures of MNE activity relative to prior years.

The changes in the measures of the activities of MNEs, such as value added and employment, from 2013 to 2014, can be derived as the net effect of changes that result from several factors: (1) parents entering the MNE universe by acquiring or establishing their first foreign affiliate (parent births), (2) foreign affiliates entering the MNE universe by being newly acquired or established (foreign affiliate births), (3) changes in the existing operations of parents and affiliates, (4) parents and affiliates leaving the MNE universe because they were sold or liquidated (parent and affiliate deaths), and (5) "other changes," which primarily reflect improvements in coverage from the benchmark survey (table I and chart). For both value added and employment by U.S. MNEs in 2014, "other changes" were larger in magnitude than the combined net changes resulting from births, deaths, and changes in ongoing operations.

"Other changes" occur in all years but are larger in benchmark survey years because of BEA's concerted efforts to ensure complete coverage in benchmark years, including increased outreach to potential respondents, sharing survey sample frame information by other government agencies, and increased mining of commercial datasets.¹ The impact of "other changes" on the 2013–2014 change is larger than the impact in previous benchmark survey years. To compare the impact of "other changes" in 2014 with the impact in earlier years, the components of a change in a measure of MNE activity can be normalized by dividing them by the prior year level. For example, "other changes" from 2013 to 2014 was 11.8 percent of the level of MNE value added in 2013 and 16.8 percent of the level of MNE employment in 2013 (table II). These impacts are larger than the mean impact for earlier benchmark survey years and larger than the impact for any earlier individual benchmark survey year.

Data users should be aware that the increase in most MNE activities from 2013 to 2014 primarily reflects the addition of companies to BEA's 2014 benchmark survey frame.

1. Reporting on the survey was mandatory under the International Investment and Trade in Services Act, so U.S. persons that meet the filing requirements are required to report to BEA whether or not they are contacted by BEA.

**Table I. Sources of Change in the Value Added and Employment
of U.S. Multinational Enterprises (MNEs), 2013–2014**

Line		Value added (Millions of dollars)	Thousands of employees	Number of enterprises (or affiliates) ¹
U.S. MNEs				
1	2013 level ^r	4,882,108	35,767.8	28,808
2	Total change	497,530	5,871.9	10,047
3	New parents or affiliates	25,112	330.2	1,375
4	Changes in existing operations ³	-116,891	-298.5	-157
5	Sales or liquidations	-77,634	-782.4	-2,215
6	Other changes, including benchmark revisions ⁵	666,943	6,622.6	11,044
7	2014 level ^r	5,379,638	41,639.7	38,855
Parents				
8	2013 level ^r	3,487,281	23,348.8	2,200
9	Total change	402,203	4,238.4	2,341
10	New parents ²	16,487	131.2	97
11	Changes in existing operations ³	-103,035	-385.4	-66
12	Parents departing the universe ⁴	-62,084	-539.0	-37
13	Other changes, including benchmark revisions ⁵	550,836	5,031.7	2,347
14	2014 level ^r	3,889,485	27,587.3	4,541
MOFAs				
15	2013 level ^r	1,394,826	12,419.0	26,608
16	Total change	95,327	1,633.4	7,706
17	New affiliates	8,625	199.0	1,278
	<i>Of which:</i>			
18	Acquired by U.S. parents	4,022	58.6	325
19	Established by U.S. parents	4,604	140.4	953
20	Changes in existing operations ³	-13,856	86.9	-91
21	Sales or liquidations of foreign affiliates	-15,550	-243.4	-2,178
22	Other changes, including benchmark revisions ⁵	116,107	1,590.9	8,697
23	2014 level ^r	1,490,153	14,052.4	34,314

MOFAs Majority-owned foreign affiliates

^r Revised

1. The number of affiliates or parents include only those entities with affiliates that meet the threshold of assets, sales, or net income (+/-) greater than \$25 million; all other data are for all affiliates or all parents of affiliates.

2. Parents that established or acquired their first affiliate in 2014.

3. Parents or affiliates that acquired, established, sold, or liquidated parts of their consolidated operations. BEA generally requires survey respondents to fully consolidate their U.S. parent operations but does not generally permit survey respondents to consolidate affiliate operations unless they are in the same country and in the same industry or are integral parts of a single business operation.

4. Parents that sold or liquidated their last foreign affiliate and those that went out of business in 2014.

5. Changes that could not be allocated, such as the addition of parents and affiliates to the survey universe that were required to report on earlier surveys but did not. Includes any measurement error in the identifiable sources of change, because they are calculated as residuals. For example, line 6 is calculated as the difference between line 2 and the sum of lines 3–5.

**Table II. Improvements in Coverage: Value Added and Employment
of U.S. Multinational Enterprises (MNEs), 1994–2014**

Year	Other changes as a percentage of prior-year level
U.S. MNE value added	
1994.....	n.a.
1999.....	7.1
2004.....	7.1
2009.....	8.9
2014.....	11.8
Mean ¹	7.7
Standard deviation ¹	1.0
U.S. MNE employment	
1994.....	7.4
1999.....	8.1
2004.....	n.a.
2009.....	11.4
2014.....	16.8
Mean ¹	9.0
Standard deviation ¹	2.1

n.a. Not available.

1. Calculation excludes 2014.

Chart. Sources of Change in the Value Added and Employment of U.S. Multinational Enterprises (MNEs), 2013-2014

