

Introduction

This report presents revised statistics that cover the financial structure and operations of U.S. affiliates of foreign direct investors in 2008. A U.S. affiliate is a business enterprise in which there is foreign direct investment—that is, in which a single foreign person owns or controls, directly or indirectly, 10 percent or more of the voting securities or an equivalent interest.¹

The statistics in this publication cover the universe of U.S. affiliates of foreign companies. They were derived by combining data reported at the enterprise, or company, level by a sample of U.S. affiliates reporting in BEA's Annual Survey of Foreign Direct Investment in the United States with BEA estimates for affiliates not in the sample.

Affiliates that filed survey reports consisted of (1) affiliates that had total assets, sales, or net income (or loss) greater than \$120 million in 2008 plus (2) a sample of smaller affiliates that had total assets, sales, or net income (or loss) greater than \$40 million in 2008. Depending on their size and whether or not they were majority-owned, affiliates in the former category reported on one of two survey forms, Form BE-15A or Form BE-15B. Majority-owned affiliates with total assets, sales, or net income (or loss) greater than \$275 million were required to report on the more detailed A form. To minimize the burden on survey respondents, the less detailed B form was filed by mid-sized majority-owned affiliates (that is, those with assets, sales, or net income/loss greater than \$120 million but less than or equal to \$275 million); for these affiliates, BEA estimated the items that appear only on the A form, so that the results are presented in the same detail for all majority-owned affiliates. The B form was also filed by all minority-owned affiliates that had total assets, sales, or net income (or loss) greater than \$120 million. Estimates of items that appear only on the A form are not prepared for minority-owned affiliates; therefore, the results for all affiliates (majority-owned plus minority-owned affiliates) cover only the items that are on the less detailed B form.

A sample of smaller affiliates that had total assets, sales, or net income (or loss) greater than \$40 million but less than or equal to \$120 million filed an abbreviated form with a few basic data items that were used as the basis for estimating data for other data items in-

cluded on the A or B forms. Affiliates in this size range are required to file the abbreviated survey form in alternate years, so the sample covered about half of these affiliates. U.S. affiliates with total assets, sales, and net income less than or equal to \$40 million (positive or negative) were exempt from reporting. BEA estimated the data for these exempt affiliates and for nonsampled affiliates that had previously reported total assets, sales, or net income greater than \$40 million, as well as for affiliates that did not file a survey report even though they met the criteria for filing. Estimates for exempt, nonsampled, or nonreporting affiliates that existed before 2008 were derived by extrapolating forward their data from earlier years on the basis of the year-to-year movement in the data reported by other affiliates. Estimates for new affiliates in 2008 were based on data they reported in BEA's survey of U.S. businesses newly acquired or established by foreign direct investors.²

The concepts and definitions underlying the 2008 statistics are the same as those used for the 2007 benchmark survey, which, in turn, are essentially the same as those that were used for the 2002 benchmark survey and are described in *Foreign Direct Investment in the United States: Final Results From the 2002 Benchmark Survey*, which was published in October 2006.³ The methodology of the 2007 survey will be published in a comprehensive final report on the 2007 benchmark survey results later this year.

Consistent with the data from the 2007 benchmark survey, the 2008 statistics by industry are based on industry classifications derived from the 2007 revision to the North American Industry Classification System (NAICS). For most industries, the classifications under this new system are identical to those in the 2002 NAICS-based industry classification system used in the benchmark and annual surveys for 2002–2006.

Beginning with the survey data for 2008, the Annual Survey of Foreign Direct Investment in the United States covers U.S. affiliates in all industries, including banking. Previously, bank affiliates were exempt from filing survey reports in nonbenchmark-survey years, and, in benchmark surveys, they reported on a separate bank form that was less detailed than the forms

1. The financial and operating data of U.S. affiliates cover the entire operations of the U.S. affiliate, irrespective of the percentage of foreign ownership.

2. The year 2008 was the final year covered by the new investment survey, which has since been discontinued.

3. The 2002 benchmark survey publication is available on BEA's Web site at www.bea.gov.

filed by nonbank affiliates. Thus, before the 2007 benchmark survey, all of the tabulated statistics on affiliate operations in nonbenchmark-survey years, as well as most of the statistics in benchmark-survey years, covered nonbank affiliates only. In this report and in all future presentations of statistics on U.S. affiliate operations, all tabulations cover both bank and nonbank affiliates.

The 2008 estimates update the universe data for U.S. affiliates from the 2007 benchmark survey. However, the 2008 estimates of a few items that are shown separately in the benchmark data are combined with other items, and the 2008 estimates of some items are unavailable because data for these items were only collected in the benchmark survey, not in the annual survey.

For similar items, the statistics for all (bank plus nonbank) U.S. affiliates in this report and in the 2007 benchmark survey report are comparable to the statistics for nonbank U.S. affiliates in the reports for earlier years. Table 1 provides cross-references between the tables for all affiliates in the 2007 benchmark survey report and in this report for 2008 and the corresponding tables for nonbank affiliates in the benchmark survey report for 2002 and in the annual reports for 2003–2006. As shown, some of the tables for all (bank plus nonbank) affiliates in the 2007 benchmark survey report have counterparts for nonbank affiliates in the 2002 benchmark survey report, but do not have coun-

terparts for all affiliates in this report or for nonbank affiliates in the reports for 2003–2006, because they cover items that are not collected in nonbenchmark survey years. In addition, several tables for nonbank affiliates in the annual reports for 2003–2006 do not have counterparts for all affiliates in this report because they cover items that were discontinued from data collection in the annual survey due to programming cuts. The discontinued items include the composition of external finances (presented under Group C in the reports for years before 2007); selected balance sheet detail; the breakdown of total employee compensation into wages and salaries and employee benefit plans; research and development employees; imports of goods intended for further manufacture; gross property, plant, and equipment broken down by state; commercial property by state; and manufacturing employment by state.

Detailed statistics of U.S. affiliate operations for 1977–2008 are available on BEA's Web site; for information on these statistics and how to access them, see www.bea.gov/international/index.htm.

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Table 1. Comparison of Tables for All (Bank and Nonbank) Affiliates in this Report and in the 2007 Benchmark Survey Report With Those for Nonbank Affiliates in the 2002 Benchmark Survey Report and in the Reports for 2003–2006—Continues

Table for all (bank plus nonbank) affiliates in 2007 benchmark survey report	Comparable table in 2008 report	Comparable table for nonbank affiliates in 2002 benchmark survey report	Comparable table for nonbank affiliates in 2003–2006 reports
Part I. All Affiliates			
Group A. Selected Data			
I.A 1—I.A 5 I.A 7 I.A 9	I.A 1—I.A 5 I.A 7 I.A 9	II.A 1—II.A 5 II.A 7 II.A 10	II.A 1—II.A 5 II.A 7 II.A 10
Group B. Balance Sheet			
I.B 1—I.B 2 I.B 3	I.B 1—I.B 2 I.B 3	n.a. II.B 5	n.a. II.B 5
Group C. Gross Property, Plant, and Equipment			
I.C 3 I.C 7	I.C 3 n.a.	II.D 3 II.D 11 (Part)	II.D 3 II.D 11 (Part)
Group D. Income Statement			
I.D 3	I.D 3	II. E 3	II. E 3
Group F. Employment and Compensation of Employees			
I.F 3 I.F 18	I.F 3 I.F 18	II.G 3 II.G 19 (Part)	II.G 3 II.G 19 (Part)
Part II. Majority-Owned Affiliates			
Group A. Selected Data			
II.A 1—II.A 8 II.A 9	II.A 1—II.A 8 II.A 9	III.A 1—III.A 8 III.A 10	III.A 1—III.A 8 III.A 10
Group B. Balance Sheet			
II.B 1 II.B 2 II.B 3—II.B 4 II.B 5—II.B 7	II.B 1 II.B 2 II.B 3—II.B 4 n.a.	III.B 1 (Part), III.B 2 (Part) III.B 3 (Part), III.B 4 (Part) III.B 5—III.B 6 III.B 7—III.B 9	III.B 1 (Part), III.B 2 (Part) III.B 3 (Part), III.B 4 (Part) III.B 5—III.B 6 n.a.
Group C. Gross Property, Plant, and Equipment			
II.C 1—II.C 3 n.a. II.C 5—II.C 9 II.C 10—II.C 12 II.C 13—II.C 17 II.C 18 II.C 19	II.C 1—II.C 3 II.C 4 n.a. n.a. n.a. II.C 18 II.C 19	III.D 1—III.D 3 III.D 6 (Part) III.D 9—III.D 13 III.D 14—III.D 16 III.D 17—III.D 21 III.D 22 n.a.	III.D 1—III.D 3 III.D 6 (Part) III.D 9—III.D 13 n.a. III.D 17—III.D 21 III.D 22 n.a.
Group D. Income Statement			
II.D 1—II.D 4 II.D 5—II.D 6 II.D 7—II.D 8 II.D 9 II.D 10—II.D 15	II.D 1—II.D 4 n.a. II.D 7—II.D 8 n.a. II.D 10—II.D 15	III.E 1—III.E 4 III.E 5—III.E 6 III.E 7—III.E 8 III.E 9 III.E 10—III.E 15	III.E 1—III.E 4 n.a. III.E 7—III.E 8 n.a. III.E 10—III.E 15
Group E. Value Added			
II.E 1—II.E 3 II.E 4 II.E 5—II.E 6	II.E 1—II.E 3 n.a. II.E 5—II.E 6	III.F 1—III.F 3 III.F 4 III.F 5—III.F 6	III.F 1—III.F 3 n.a. III.F 5—III.F 6

Table 1. Comparison of Tables for All (Bank and Nonbank) Affiliates in this Report and in the 2007 Benchmark Survey Report With Those for Nonbank Affiliates in the 2002 Benchmark Survey Report and in the Reports for 2003–2006—Table Ends

Table for all (bank plus nonbank) affiliates in 2007 benchmark survey report	Comparable table in 2008 report	Comparable table for nonbank affiliates in 2002 benchmark survey report	Comparable table for nonbank affiliates in 2003–2006 reports
Group F. Employment and Compensation of Employees			
II.F 1—II.F 4	II.F 1—II.F 4	III.G 1—III.G 4	III.G 1—III.G 4
II.F 5	n.a.	III.G 5	n.a.
II.F 6—II.F 8	II.F 6—II.F 8	III.G 6—III.G 8	III.G 6—III.G 8
II.F 9	n.a.	III.G 9	n.a.
II.F 10—II.F 11	II.F 10—II.F 11	III.G 10—III.G 11	III.G 10—III.G 11
II.F 12	n.a.	III.G 12	n.a.
II.F 13	n.a.	III.G 13	III.G 13
II.F 14	n.a.	III.G 14	n.a.
III.F 15—III.F 16	III.F 15—III.F 16	III.G 15—III. G16	III.G 15—III. G16
II.F 17	II.F 17	III.G 18	III.G 18
Group G. U.S. Trade in Goods			
II.G 1—II.G 4	II.G 1—II.G 4	III.H 1—III.H 4	III.H 1—III.H 4
II.G 5	n.a.	III.H 5	n.a.
II.G 6—II.G 7	II.G 6—II.G 7	III.H 6—III.H 7	III.H 6—III.H 7
II.G 8	n.a.	III.H 8	n.a.
II.G 9—II.G 23	n.a.	III.H 22—III.H 36	n.a.
II.G 24	n.a.	III.H 37	III.H 37
Group H. Interest, Dividends, Taxes Other Than Income Taxes, and Research and Development Expenditures			
II.H 1—II.H 2	II.H 1—II.H 2	III.I 1—III.I 2	III.I 1—III.I 2
II.H 3—II.H 5	n.a.	III.I 3—III.I 5	n.a.
II.H 6	II.H 6	III.I 6	III.I 6

n.a. Not available