

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

## Table Footnotes

### Part I. All Affiliates and All Parents

#### Tables I.A 1 and I.A 2

1. The number of affiliates includes only the affiliates that meet the stated threshold; all other data are for all affiliates.

#### Table I.A 3

1. In 2014, the euro area consisted of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

2. Information on the currency used in foreign affiliate accounting records was only collected for majority-owned affiliates that had total assets, sales or gross operating revenues excluding sales taxes, or net income after provision for foreign income taxes greater than \$80 million (positive or negative) at any time during the affiliate's 2014 fiscal year. Foreign affiliates not meeting these criteria are included in "Unspecified" because information on the currency used for their accounting records was not collected.

#### Table I.A 4

1. Information on the currency used in foreign affiliate accounting records was only collected for majority-owned affiliates that had total assets, sales or gross operating revenues excluding sales taxes, or net income after provision for foreign income taxes greater than \$80 million (positive or negative) at any time during the affiliate's 2014 fiscal year. Foreign affiliates not meeting these criteria are included in "Unspecified" because information on the currency used for their accounting records was not collected.

2. Petroleum consists of oil and gas extraction; support activities for oil and gas extraction; integrated petroleum refining and extraction; petroleum refining excluding oil and gas extraction; asphalt and other petroleum and coal products; petroleum and petroleum products merchant wholesalers; gasoline stations; petroleum tanker operations; pipeline transportation of crude oil, refined petroleum products, and natural gas; petroleum storage for hire.

**Table I.B 1**

1. Cash is defined broadly to include deposits in financial institutions and other cash items and cash equivalents, such as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so close to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

2. Before allowance of doubtful accounts.

**Table I.B 2**

1. Includes common and preferred stock and additional paid in capital, less treasury stock, as well as total equity for those unincorporated affiliates for which detail on equity type could not be provided, less translation adjustments.

2. Includes cumulative translation adjustments and all other components of accumulated comprehensive income for all affiliates.

**Tables I.C 4 and I.C 5**

1. Includes the net book value of transfers of property, plant, and equipment to the affiliate from related companies.

**Table I.D 1**

1. Consists of gains or losses resulting from the sale or other disposition of assets, changes in the dollar value of affiliates' foreign-currency-denominated assets and liabilities that are caused by changes in exchange rates, and all other unusual or nonrecurring gains or losses, including those resulting from the revaluation of assets, whether realized or not.

**Table I.G 7**

1. Includes countries with affiliate employment of at least 500,000 and includes cities with a population of at least 500,000 that have at least 20 affiliates.

**Table I.K 2**

1. A U.S. parent that had affiliates in more than one country or industry is counted once in each country or industry in which it had affiliates. Thus the numbers of U.S. parents appearing in individual country and industry cells do not add to the subtotals and totals.

**Table I.L 1**

1. Cash is defined broadly to include deposits in financial institutions and other cash items and cash equivalents, such as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so close to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

### **Table I.M 1 and I.M 2**

1. Includes the net book value of transfers of property, plant, and equipment to the parent from related companies.

### **Table I.N 1**

1. Consists of gains or losses resulting from the sale or other disposition of assets, changes in the dollar value of parents' foreign-currency-denominated assets and liabilities that are caused by changes in exchange rates, and all other unusual or nonrecurring gains or losses, including those resulting from the revaluation of assets, whether realized or not.

### **Table I.O 1**

1. For most industries, goods supplied are generally defined as sales of outputs that are tangible. For wholesalers and retailers, goods supplied includes only the value of goods resold; BEA estimates the value of the distributive services provided by selling goods or arranging for their sale and includes it in services supplied.

2. For most industries, services supplied generally are defined as sales of outputs that are intangible. For insurance, services supplied consists of BEA's estimate of the portion of premiums remaining after provision for expected or "normal" losses and a measure of premium supplements, which represent income earned on funds insurers hold on policyholders' behalf. For banks, it includes explicit fees and commissions and an estimate of the value of implicit services provided by banks. For wholesalers and retailers, services supplied includes an estimate of the distributive services provided by selling goods or arranging for their sale.

3. "Other" consists largely of investment income that is included in "sales or gross operating revenues" in the income statement. In finance and insurance, investment income is included in sales because it is generated by a primary activity of the company. For insurance, "other" consists of investment income remaining after BEA's estimate of investment income earned on the funds that insurers hold on behalf of policyholders is removed (and included in the services supplied measure) plus the portion of premiums set aside for the settlement of expected or "normal" losses. For banks, "other" consists of the investment income remaining after BEA's estimate of the value of implicit services provided by banks is excluded (and included in services supplied). In industries other than finance and insurance, investment income is generally considered to be an incidental revenue source; this income is included in the income statement in a separate "other income" category, but it is not included in sales or in these columns.

### **Table I.O 2**

1. For industry classification, each U.S. parent was required to disaggregate its sales by four-digit International Surveys Industry code; the U.S. parent was then classified in the industry in which its sales were largest (for details, see "Methodology"). When sales are disaggregated by the industry of the U.S. parent, total

sales of a given U.S. parent are shown in the industry in which the parent was classified. When sales are disaggregated by industry of sales, they are distributed among all the industries in which the U.S. parent reported sales; that is, sales associated with each industry of sales are shown in that industry regardless of the U.S. parent's industry of classification.

#### **Table I.P 1**

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of U.S. income taxes, excludes 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.

2. Equals monetary interest payments plus imputed interest paid minus monetary interest receipts minus imputed interest received. Imputed interest paid and received, which are measures of the value of services provided by life insurance carriers and financial intermediaries without explicit charge, are estimated.

3. Equals taxes other than income and payroll taxes plus production royalty payments to governments.

4. Capital consumption allowance is used as a proxy for consumption of fixed capital. It consists of book-value depreciation charges reported on BEA's surveys using financial accounting principles.

#### **Table I.Q 1**

1. For industry classification, each U.S. parent was required to disaggregate its sales by four-digit International Surveys Industry code; the U.S. parent was then classified in the industry in which its sales were largest (for details, see "Methodology"). When employment is disaggregated by industry of U.S. parent, total employment of a given U.S. parent is shown in the single industry in which the parent was classified. When employment is disaggregated by industry of sales, it is distributed among all the industries in which the U.S. parent reported sales; that is, the number of employees associated with each industry of sales are shown in that industry regardless of the U.S. parent's industry of classification.

2. Employees on the payrolls of administrative offices and other auxiliary units. Excludes administrative or auxiliary employees that are located at an operating unit and serve only that operating unit; these employees are classified in the industry of sales of the operating unit that they serve.

3. Includes employment in all unspecified industries.

#### **Tables I.R 1 and I.R 2**

1. Covers only U.S. parents in which there is direct investment by a foreign person—that is, U.S. parents that are owned 10 percent or more by a single foreign

person. The foreign parent is the foreign person that holds a direct investment interest in the U.S. parent. The foreign parent group consists of (1) the foreign parent of a U.S. parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

2. Does not equal the total in column 3, which is derived from data reported on affiliates' forms, because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents' forms but exempt from being reported on affiliates' forms.

### **Table I.R 3**

1. "Other" consists of goods not included in the other categories, such as capital equipment.

### **Table I.R 4**

1. Does not equal exports to foreign affiliates reported on parents' forms because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents' forms but exempt from being reported on affiliates' forms.

2. Does not equal imports from foreign affiliates reported on parents' forms because of differences in timing and valuation and the inclusion of data for affiliates covered on U.S. parents' forms but exempt from being reported on affiliates' forms.

### **Table I.T 1**

1. Includes interest received from affiliates.
2. Includes interest paid to affiliates, plus withholding taxes on such interest.
3. Includes payments to Federal, state, and local governments for natural resources.
4. Includes sales, consumption, and excise taxes; property and other taxes on the value of assets and capital; and any remaining taxes (other than income and payroll taxes). Also includes all payments of nontax liabilities (other than production royalty payments), such as import and export duties, license fees, fines, penalties, and similar items.

### **Table I.U 1**

1. Consists of (1) common and preferred stock of affiliates owned by U.S. parents, (2) U.S. parents' equity in additional paid in capital, less U.S. parents' equity in treasury stock held by their foreign affiliates, and (3) U.S. parents' total equity in those unincorporated affiliates for which detail on equity by type could not be provided, less translation adjustments.

2. Consists of the (1) U.S. parents' share in the cumulative amount of capital gains and losses associated with currency translation adjustments, that is, gains and losses that arise because of changes in the exchange rates that are applied in translating affiliates' assets and liabilities from their functional currencies into U.S. dollars from the end of one accounting period to the next, (2) treasury stock and involuntarily (or legally) restricted earnings, and (3) other comprehensive income and losses.

**Table I.V 1**

1. A net increase in U.S. parents' equity in affiliates is a financial transaction outflow; a net decrease is a financial transaction inflow.

2. Equals total income on equity (that is, the U.S. parents' share in the earnings of their foreign affiliates) less dividends and withdrawals (that is, income on equity distributed to U.S. parents before deduction of foreign withholding taxes).

3. An increase in U.S. parents' payables is a decrease in net debt instruments and a financial transaction inflow.

4. Represents gains or losses that arise because of changes from the end of one accounting period to the next in exchange rates applied in translating affiliates' assets and liabilities from foreign currencies into dollars.

**Table I.W 1**

1. Excludes capital gains and losses and is not adjusted to reflect current-period prices. Before being entered into the international transactions accounts, adjustments to reflect current-period prices are made to direct investment income on a global basis only. These adjustments do not appear in the direct investment income tables that are disaggregated by country or by industry.

2. U.S. parents' share in the earnings of their foreign affiliates, before deduction of foreign withholding taxes on dividends and withdrawals.

3. Income on equity distributed to U.S. parents before deduction of foreign withholding taxes.

4. Interest received by or credited to U.S. parents on debt owed to them by their affiliates, less interest paid or credited by U.S. parents on debt owed by them to their affiliates, both before deduction of (foreign or U.S.) withholding taxes.

## Part II. Majority-Owned Foreign Affiliates

### Table II.A 1

1. The number of affiliates includes only the affiliates that meet the stated threshold; all other data are for all majority-owned affiliates.

### Table II.A 2

1. The number of affiliates or parents includes only the entities that meet the stated threshold; all other data are for all majority-owned affiliates or for all parents of majority-owned affiliates.

### Tables II.B 1, II.B 3, and II.B 11

1. Cash is defined broadly to include deposits in financial institutions and other cash items and cash equivalents, such as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so close to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

2. Before allowance of doubtful accounts.

### Tables II.B 2, II.B 4, and II.B 12

1. Includes common and preferred stock and additional paid in capital, less treasury stock, as well as total equity for those unincorporated affiliates for which detail on equity type could not be provided, less translation adjustments.

2. Includes cumulative translation adjustments and all other components of accumulated comprehensive income for all affiliates.

### Tables II.D 1, II.D 2, and II.D 11

1. Consists of gains or losses resulting from the sale or other disposition of assets, changes in the dollar value of foreign affiliates' assets and liabilities denominated in foreign currencies other than the affiliate's functional currency that are caused by changes in exchange rates, translation gains or losses taken in accordance with the Financial Accounting Standards Codification (ASC) Topic 830: "Foreign Currency Matters" (formerly known as FAS 52) and all other unusual or nonrecurring gains or losses, including those resulting from the revaluation of assets, whether realized or not.

### Table II.D 13

1. For industry classification, each foreign affiliate was required to disaggregate its sales by four-digit International Surveys Industry code; the affiliate was then classified in the industry in which its sales were the largest. When sales are disaggregated by industry of affiliate, total sales of an affiliate are shown in the industry in which the affiliate was classified. When sales are disaggregated by industry of sales, they are distributed among all the industries in which the affiliate

reported sales; that is, sales associated with each industry of sales are shown in that industry regardless of the affiliate's industry of classification.

### **Table II.E 1**

1. Goods and services supplied by an affiliate to persons in the country where the affiliate is located.

2. Goods or services supplied to U.S. parents include only goods or services supplied to the U.S. parent or parents of the supplying foreign affiliate. Goods or services supplied to U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

3. Goods or services supplied to other foreign affiliates include only goods or services supplied to foreign affiliates of the supplying foreign affiliate's U.S. parent or parents. Goods or services supplied to foreign affiliates of U.S. parents not affiliated with the supplying foreign affiliates are included in the column for unaffiliated persons.

4. For most industries, goods supplied are generally defined as sales of outputs that are tangible. For wholesalers and retailers, goods supplied includes only the value of goods resold; BEA estimates the value of the distributive services provided by selling goods or arranging for their sale and includes it in services supplied.

5. For most industries, services supplied generally are defined as sales of outputs that are intangible. For insurance, services supplied consists of BEA's estimate of the portion of premiums remaining after provision for expected or "normal" losses and a measure of premium supplements, which represent income earned on funds insurers hold on policyholders' behalf. For banks, it includes explicit fees and commissions and an estimate of the value of implicit services provided by banks. For wholesalers and retailers, services supplied includes an estimate of the distributive services provided by selling goods or arranging for their sale.

### **Tables II.E 2, II.E 3, and II.E 9**

1. Goods and services supplied by an affiliate to persons in the country where the affiliate is located.

2. Goods or services supplied to U.S. parents include only goods or services supplied to the U.S. parent or parents of the supplying foreign affiliate. Goods or services supplied to U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

3. Goods or services supplied to other foreign affiliates include only goods or services supplied to foreign affiliates of the supplying foreign affiliate's U.S. parent or parents. Goods or services supplied to foreign affiliates of U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

### **Tables II.E 10 and II.E 11**

1. For most industries, goods supplied are generally defined as sales of outputs that are tangible. For wholesalers and retailers, goods supplied includes only the value of goods resold; BEA estimates the value of the distributive services provided by selling goods or arranging for their sale and includes it in services supplied.

2. Goods supplied by an affiliate to persons in the country where the affiliate is located.

3. Goods supplied to U.S. parents includes only goods supplied to the U.S. parent or parents of the supplying foreign affiliate. Goods supplied to U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

4. Goods supplied to other foreign affiliates includes only goods supplied to foreign affiliates of the supplying foreign affiliate's U.S. parent or parents. Goods supplied to foreign affiliates of U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

### **Tables II.E 12 and II.E 13**

1. For most industries, services supplied generally are defined as sales of outputs that are intangible. For insurance, services supplied consists of BEA's estimate of the portion of premiums remaining after provision for expected or "normal" losses and a measure of premium supplements, which represent income earned on funds insurers hold on policyholders' behalf. For banks, it includes explicit fees and commissions and an estimate of the value of implicit services provided by banks. For wholesalers and retailers, services supplied includes an estimate of the distributive services provided by selling goods or arranging for their sale.

2. Services supplied by an affiliate to persons in the country where the affiliate is located.

3. Services supplied to U.S. parents includes only services supplied to the U.S. parent or parents of the supplying foreign affiliate. Services supplied to U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

4. Services supplied to other foreign affiliates includes only services supplied to foreign affiliates of the supplying foreign affiliate's U.S. parent or parents. Services supplied to foreign affiliates of U.S. parents not affiliated with the supplying foreign affiliate are included in the column for unaffiliated persons.

### **Tables II.E 14, II.E 15, II.E 16, and II.E 17**

1. For most industries, services supplied generally are defined as sales of outputs that are intangible. For insurance, services supplied consists of BEA's estimate of the portion of premiums remaining after provision for expected or

“normal” losses and a measure of premium supplements, which represent income earned on funds insurers hold on policyholders’ behalf. For banks, it includes explicit fees and commissions and an estimate of the value of implicit services provided by banks. For wholesalers and retailers, services supplied includes an estimate of the distributive services provided by selling goods or arranging for their sale.

### **Table II.E 18**

1. For most industries, goods supplied are generally defined as sales of outputs that are tangible. For wholesalers and retailers, goods supplied includes only the value of goods resold; BEA estimates the value of the distributive services provided by selling goods or arranging for their sale and includes it in services supplied.

2. For most industries, services supplied generally are defined as sales of outputs that are intangible. For insurance, services supplied consists of BEA’s estimate of the portion of premiums remaining after provision for expected or “normal” losses and a measure of premium supplements, which represent income earned on funds insurers hold on policyholders’ behalf. For banks, it includes explicit fees and commissions and an estimate of the value of implicit services provided by banks. For wholesalers and retailers, services supplied includes an estimate of the distributive services provided by selling goods or arranging for their sale.

### **Tables II.F 1, II.F 2, and II.F 5**

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of foreign income taxes, excludes 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.

2. Equals monetary interest payments plus imputed interest paid minus monetary interest receipts minus imputed interest received. Imputed interest paid and received, which are measures of the value of services provided by life insurance carriers and financial intermediaries without explicit charge, are estimated.

3. Equals taxes other than income and payroll taxes plus production royalty payments to governments less subsidies received.

4. Capital consumption allowance is used as a proxy for consumption of fixed capital. It consists of book-value depreciation charges reported on BEA’s surveys using financial accounting principles.

### **Tables II.F 7, II.F 8, and II.F 9**

1. Profit-type return is an economic accounting measure of profits from current production. Unlike net income, it is gross of foreign income taxes, excludes 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.

**Table II.G 6**

1. Includes all U.S. parents that own majority-owned foreign affiliates (MOFAs).

2. The number of parents that own majority-owned foreign affiliates will differ from the number in other tables because this table does not limit the count to parents with foreign affiliates with assets, sales, or net income greater than \$25 million (positive or negative).

3. The number of majority-owned foreign affiliates will differ from the number in other tables because this table does not limit the count to foreign affiliates with assets, sales, or net income greater than \$25 million (positive or negative).

**Tables II.I 8, II.I 9, and II.I 12**

1. Royalty and license fee transactions with other foreign affiliates include only transactions with foreign affiliates of the same U.S. parent or parents. Similar transactions with foreign affiliates of U.S. parents not affiliated with the supplying foreign affiliate are included in the column for "other persons."