



# Chronicling 100 Years of the U.S. Economy

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## Visual Essay

# Activities of U.S. Affiliates of Foreign Multinational Enterprises in 2018

The Bureau of Economic Analysis (BEA) recently released statistics on the 2018 [activities of U.S. affiliates of foreign multinational enterprises](#) (MNEs). These statistics provide a picture of the overall activities of U.S. affiliates of foreign parents and contain a wide variety of indicators of their financial structure and operations. The statistics cover items that are needed to analyze the characteristics, performance, and economic impact of foreign-owned businesses on the U.S. economy and are obtained from mandatory surveys of U.S. affiliates conducted by BEA.

### Key Terms

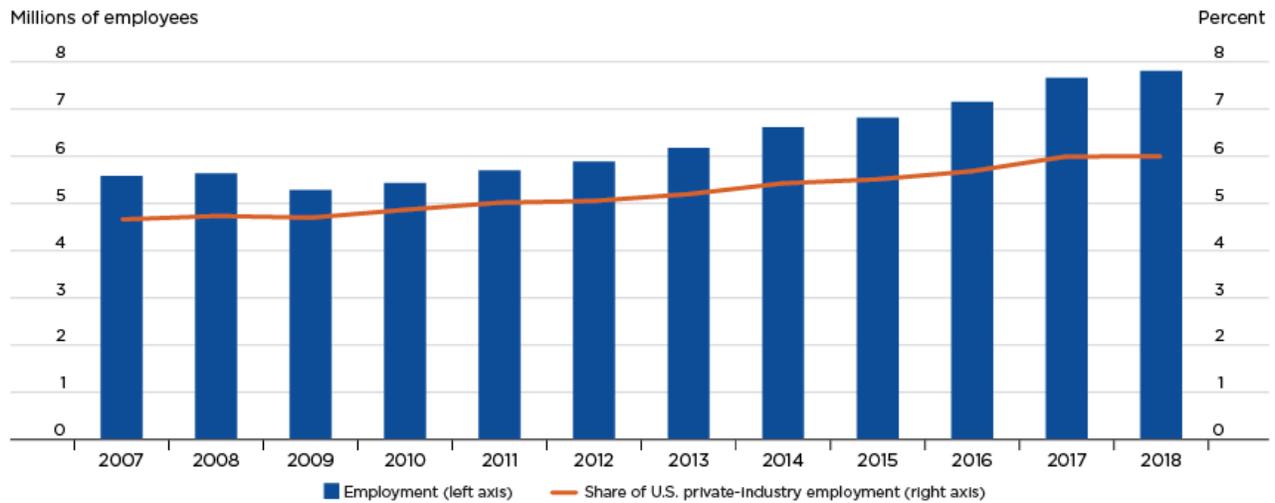
A **U.S. affiliate** is a U.S. business enterprise in which there is foreign direct investment—that is, it is owned at least 10 percent by a foreign parent. A **majority-owned U.S. affiliate (MOUSA)** is a U.S. affiliate that is more than 50 percent foreign-owned. Data are available in greater detail for majority-owned affiliates in order to feature the firms that are unambiguously under foreign control.

A **foreign parent** is the first foreign resident with a direct investment interest in the U.S. affiliate. The **ultimate beneficial owner (UBO)** is that person, proceeding up a chain of majority-ownership (where the entity above owns more than 50 percent of the entity below), beginning with and including the foreign parent, that is not owned more than 50 percent by another person. The UBO ultimately owns or controls, and thus ultimately derives the benefits and assumes the risks from owning or controlling, the U.S. affiliate. The country of the UBO is often the same as that of the foreign parent, but it may be a different country or the United States.

The following charts present highlights of BEA's U.S. affiliate statistics for 2018. Much more detail, including additional data items, can be found on BEA's [website](#).

# Employment<sup>1</sup>

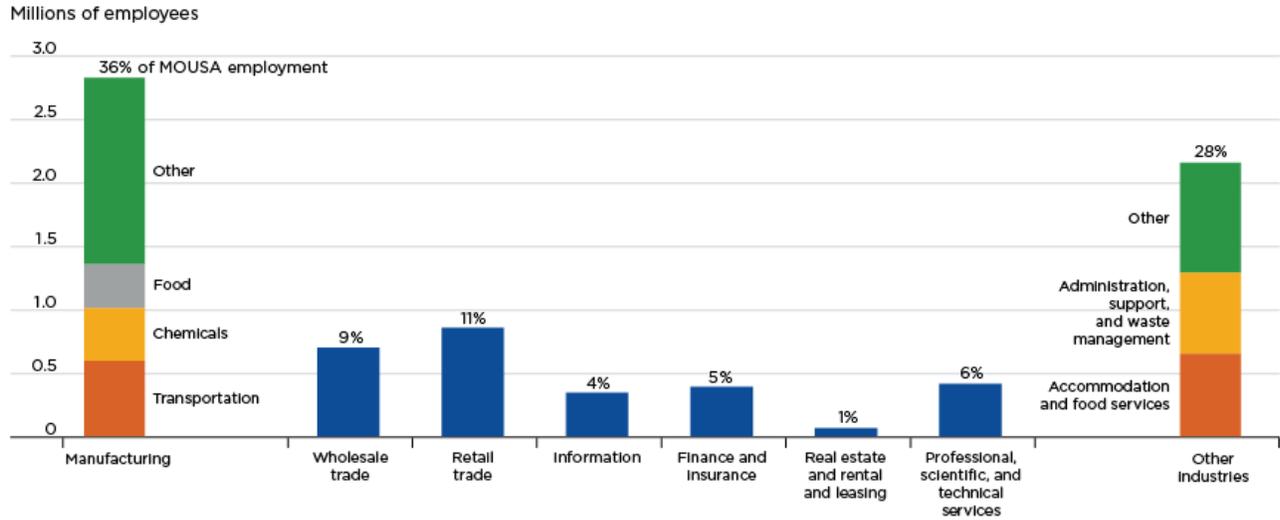
Chart 1. MOUSA Employment, 2007-2018



MOUSA: Majority-owned U.S. affiliates  
U.S. Bureau of Economic Analysis

- MOUSAs of foreign MNEs employed 7.8 million workers in the United States in 2018, 1.9 percent more than in 2017.
- MOUSAs accounted for 6.0 percent of total private-industry employment in the United States.

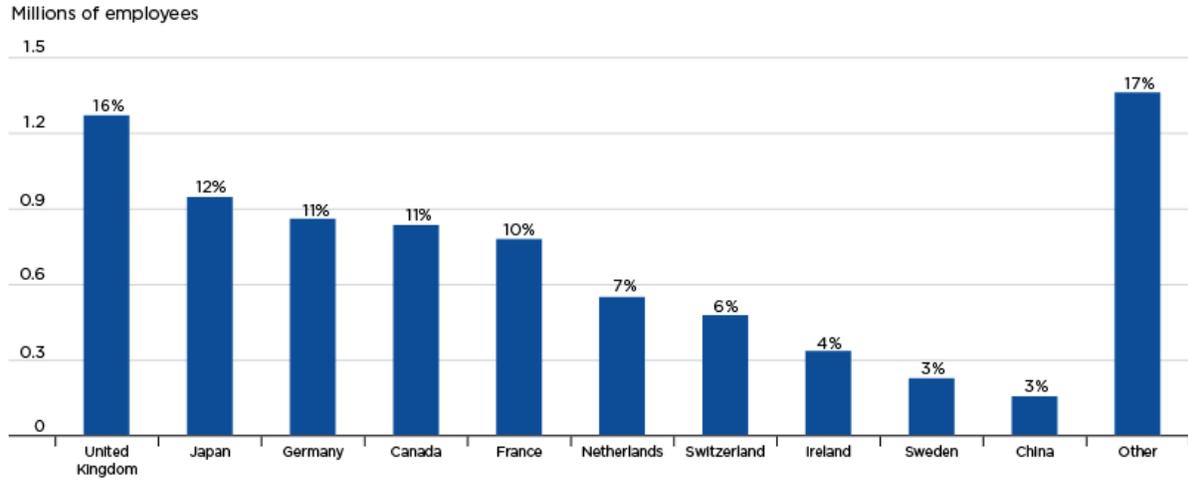
Chart 2. MOUSA Employment by Industry, 2018



MOUSA Majority-owned U.S. affiliates  
 U.S. Bureau of Economic Analysis

- The manufacturing sector accounted for 36 percent of MOUSA employment. Within manufacturing, transportation equipment employed the most workers, followed by chemicals and food.
- Within other industries, accommodation and food services, along with administration, support, and waste management, employed the most workers.

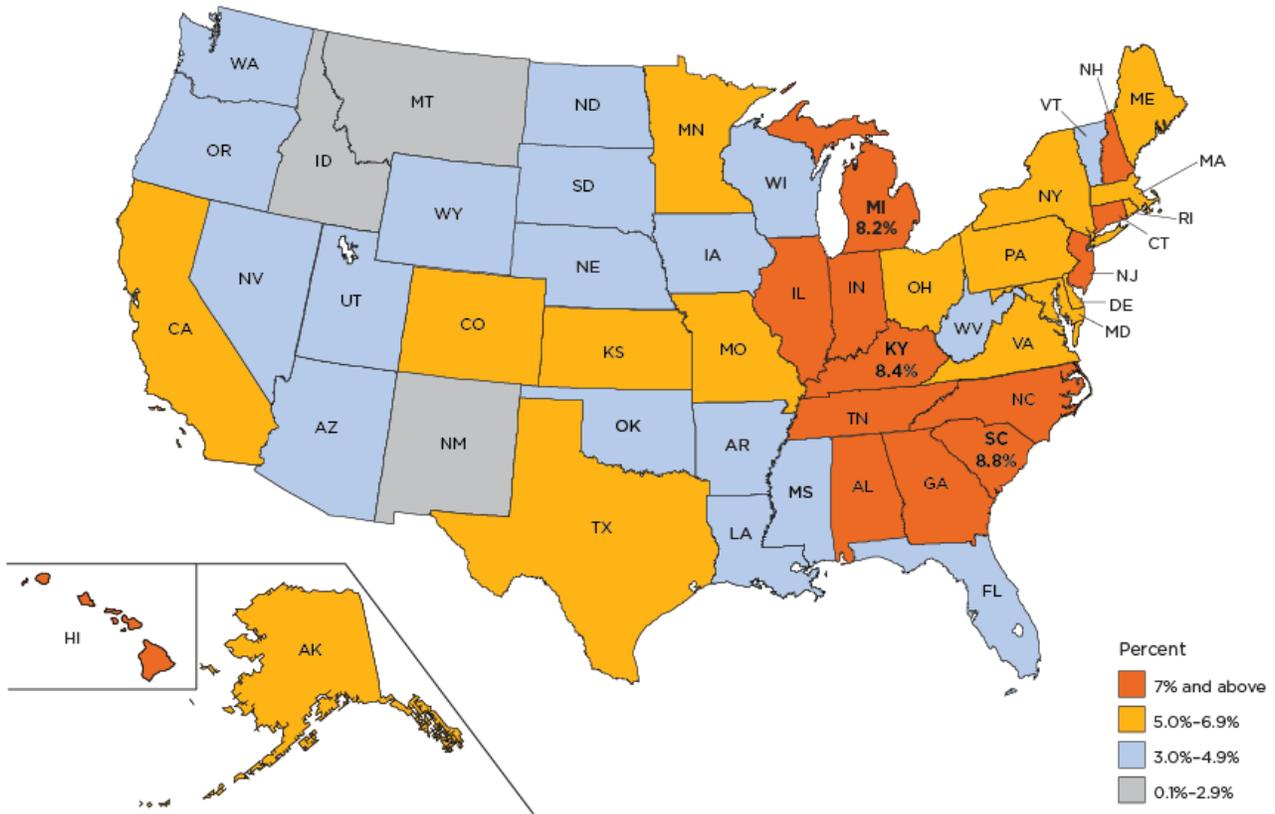
Chart 3. MOUSA Employment by Country of UBO, 2018



MOUSA Majority-owned U.S. affiliates  
UBO Ultimate beneficial owner  
U.S. Bureau of Economic Analysis

- The countries of UBO that accounted for the largest share of MOUSA employment were the United Kingdom, Japan, Germany, Canada, and France. These five countries accounted for 60 percent of all MOUSA employment.

Chart 4. MOUSA Employment Share by State, 2018

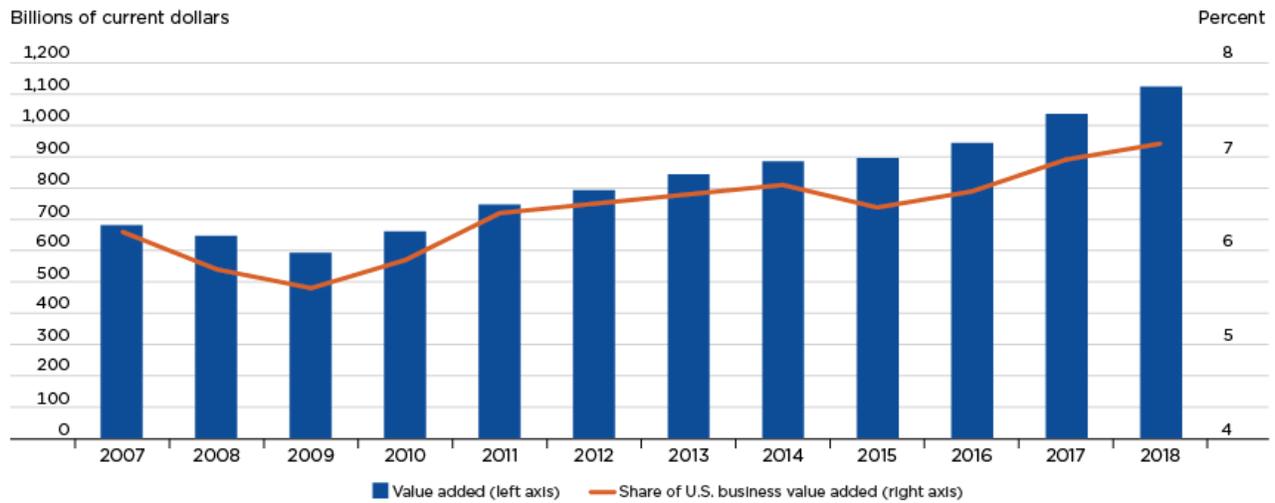


MOUSA Majority-owned U.S. affiliates  
 U.S. Bureau of Economic Analysis

- By state, private-industry employment accounted for by MOUSAs was highest in South Carolina (8.8 percent), Kentucky (8.4 percent), and Michigan (8.2 percent). In all three states, MOUSAs in the manufacturing industry employed the most workers.

## Value Added<sup>2</sup>

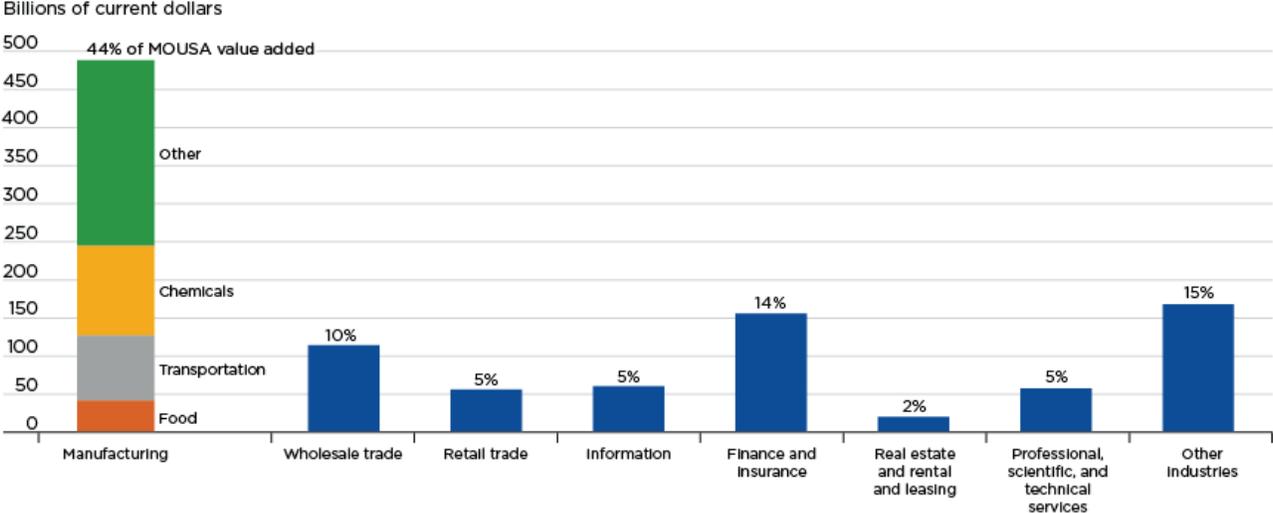
Chart 5. MOUSA Value Added, 2007–2018



MOUSA: Majority-owned U.S. affiliates  
U.S. Bureau of Economic Analysis

- Current-dollar value added of MOUSAs increased 8.4 percent to \$1.1 trillion.
- MOUSAs accounted for 7.1 percent of total U.S. business-sector value added.

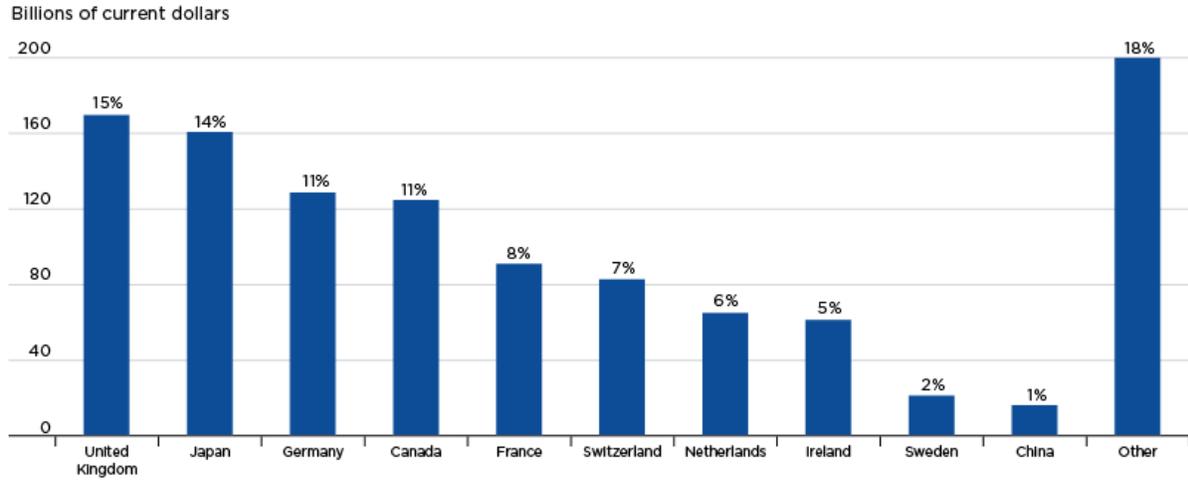
Chart 6. MOUSA Value Added by Industry, 2018



MOUSA Majority-owned U.S. affiliates  
 U.S. Bureau of Economic Analysis

- Manufacturing accounted for most of MOUSA value added. The largest industry within manufacturing was chemicals (which includes pharmaceuticals), followed by transportation equipment.
- Other industries and finance and insurance were the next largest contributors to MOUSA value added.

Chart 7. MOUSA Value Added by Country of UBO, 2018

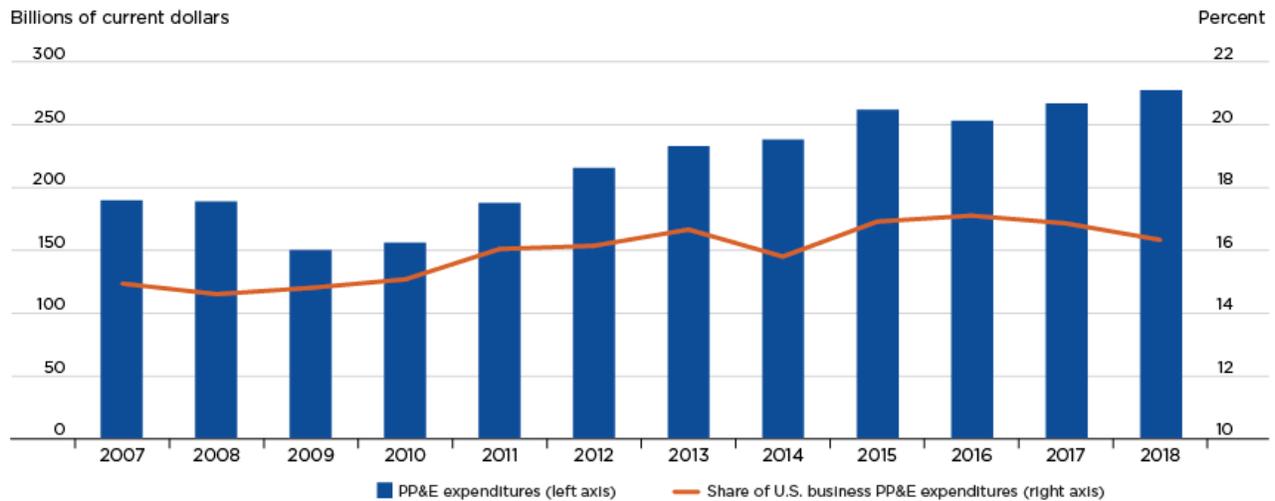


MOUSA: Majority-owned U.S. affiliates  
UBO: Ultimate beneficial owner  
U.S. Bureau of Economic Analysis

- The countries of UBO that accounted for the largest share of MOUSA value added were the United Kingdom, Japan, Germany, Canada, and France. As was the case for employment, these five countries accounted for 60 percent of all MOUSA value added.

# Property, Plant, and Equipment<sup>3</sup>

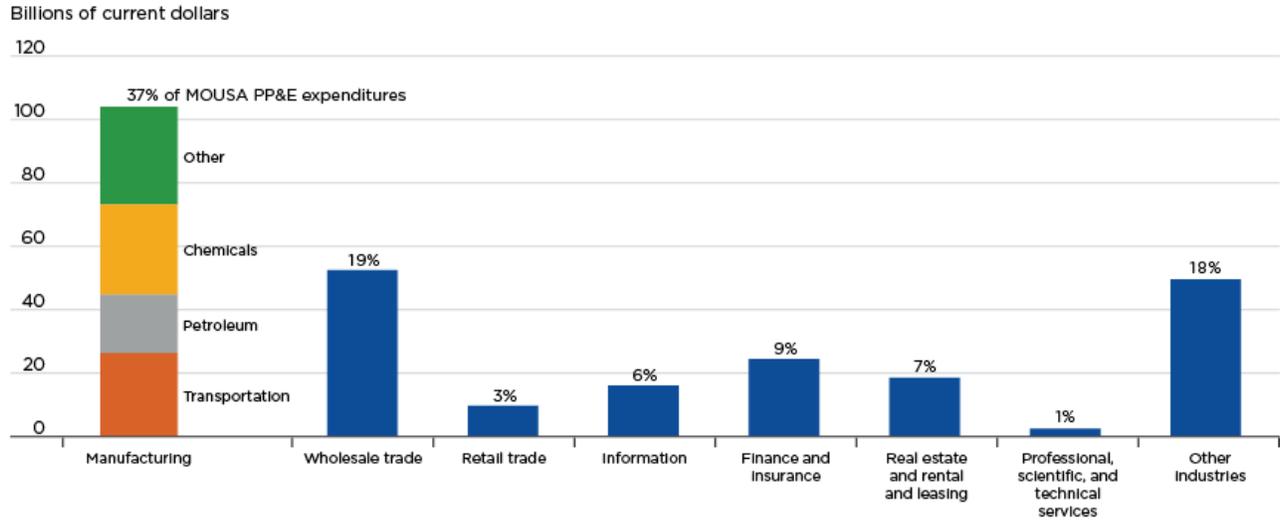
Chart 8. MOUSA PP&E Expenditures, 2007-2018



MOUSA: Majority-owned U.S. affiliates  
 PP&E: Property, plant, and equipment  
 U.S. Bureau of Economic Analysis

- Expenditures for property, plant, and equipment (PP&E) by MOUSAs increased 4.0 percent to \$277.4 billion. By industry, there were significant offsetting increases and decreases.
- MOUSAs accounted for 16.3 percent of total U.S. private business capital expenditures.

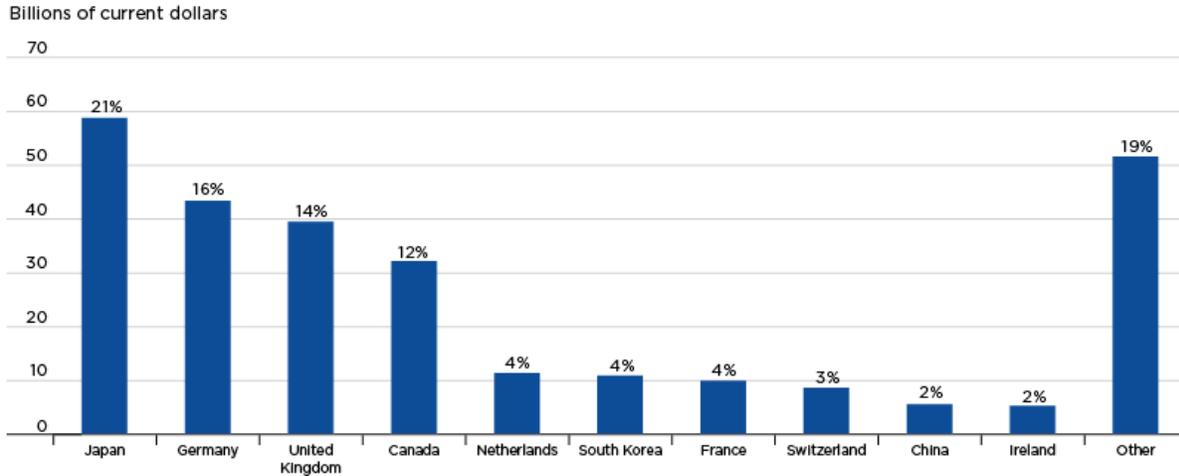
Chart 9. MOUSA PP&E Expenditures by Industry, 2018



MOUSA Majority-owned U.S. affiliates  
 PP&E Property, plant, and equipment  
 U.S. Bureau of Economic Analysis

- Manufacturing and wholesale trade accounted for most of MOUSA PP&E expenditures. Within manufacturing, the largest contributor was transportation equipment, followed by chemicals.
- Within other industries, utilities and mining accounted for the largest shares.

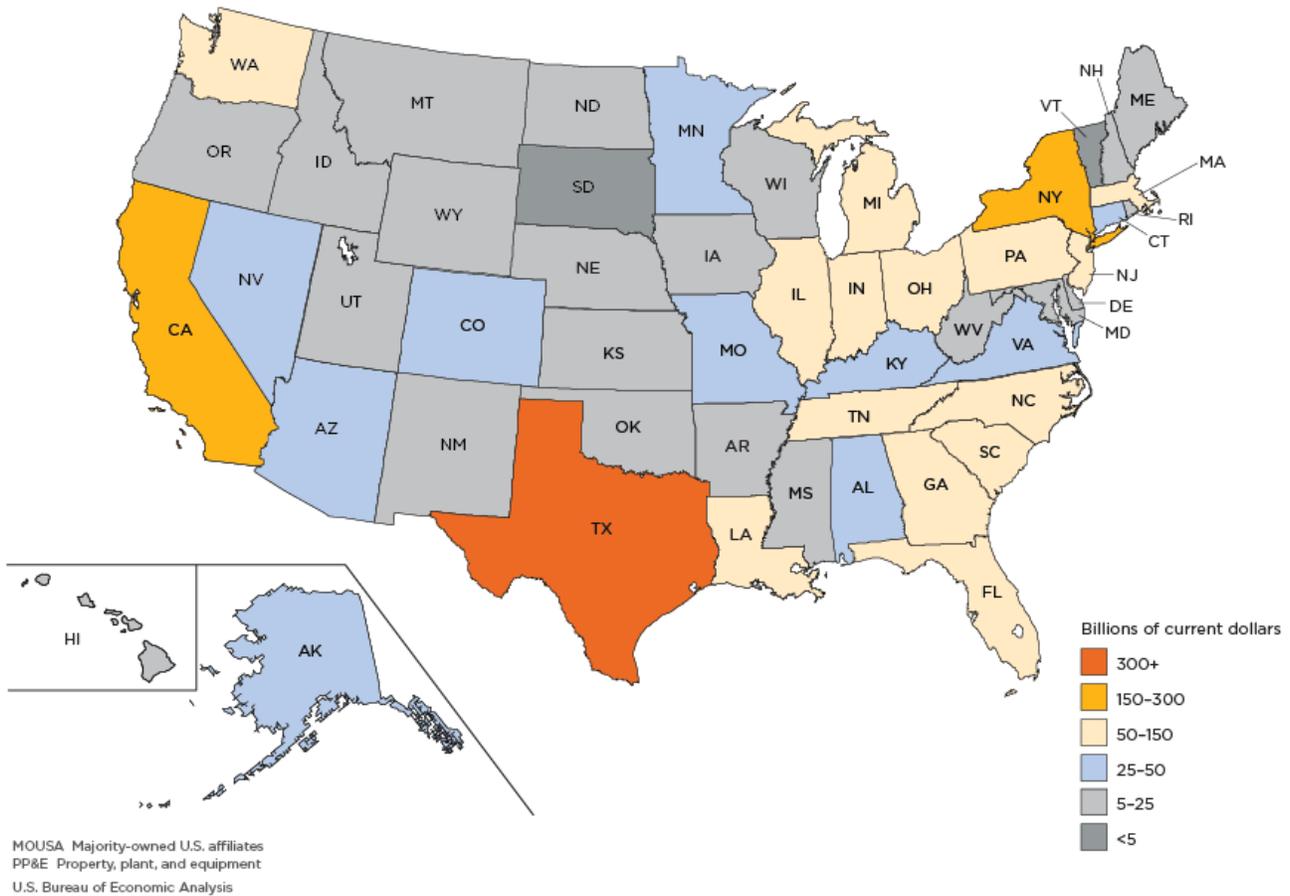
Chart 10. MOUSA PP&E Expenditures by Country of UBO, 2018



MOUSA Majority-owned U.S. affiliates  
PP&E Property, plant, and equipment  
UBO Ultimate beneficial owner  
U.S. Bureau of Economic Analysis

- The countries of UBO that accounted for the largest MOUSA PP&E expenditures were Japan, Germany, the United Kingdom, Canada, and the Netherlands. PP&E expenditures are more concentrated by country than employment and value added, with the top five countries of UBO accounting for 67 percent of MOUSA PP&E expenditures.

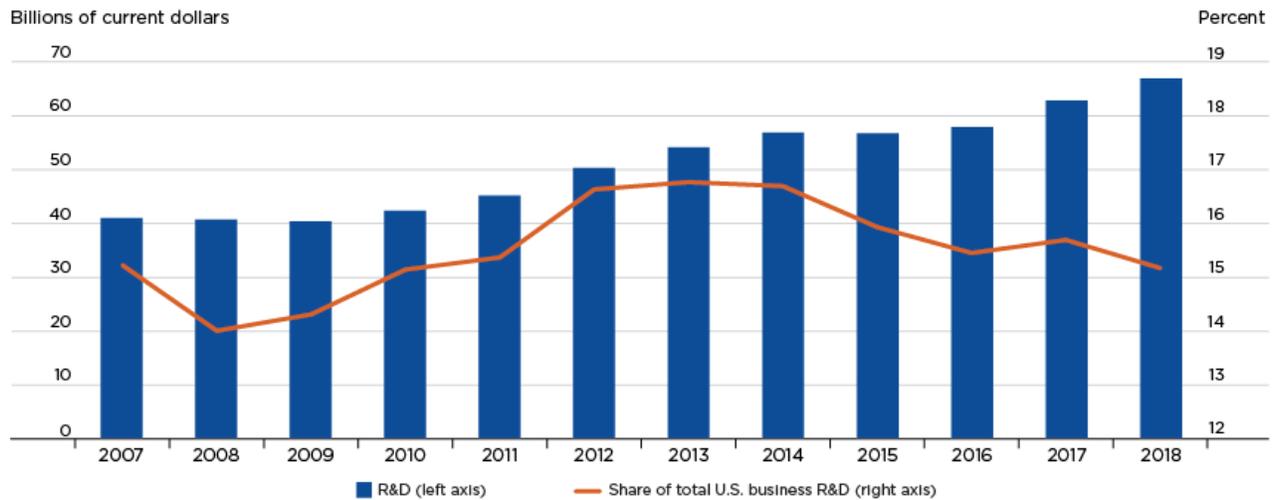
Chart 11. MOUSA PP&E (Stock) by State, 2018



- The preceding charts illustrate PP&E expenditures. BEA also collects detail on gross PP&E stock, which is the value of all land, property, plant, and equipment before accumulated depreciation. These data can be used as a proxy for state-level foreign direct investment levels that are not available in BEA's direct investment position statistics.
- Total gross PP&E for the United States was \$2.7 trillion. The states with the largest share of MOUSA gross PP&E were Texas (\$458 billion), California (\$208 billion), and New York (\$188 billion).

# Research and Development<sup>4</sup>

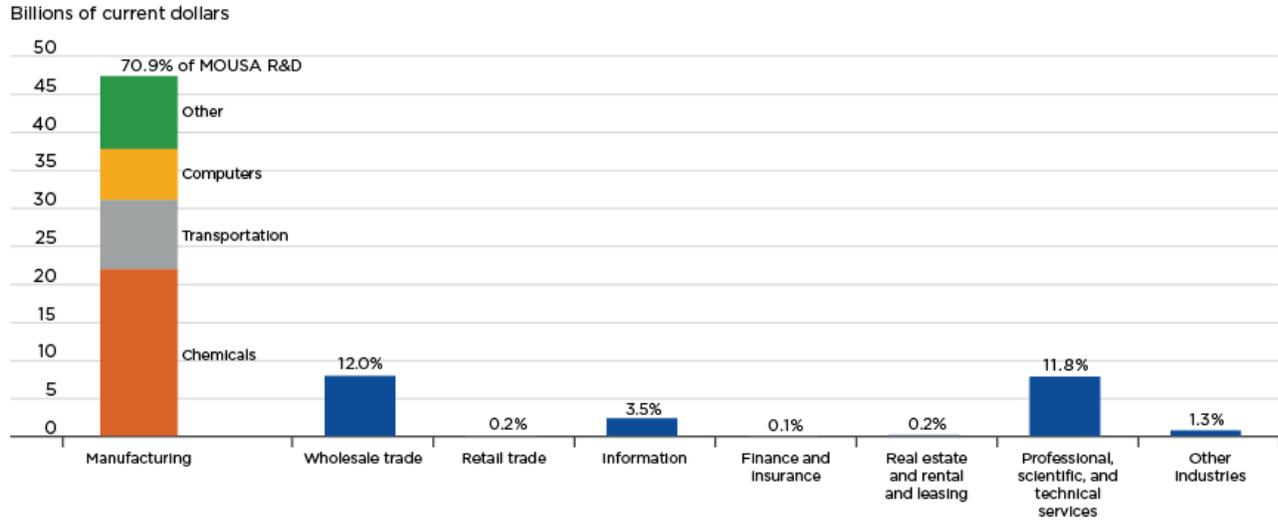
Chart 12. MOUSA R&D Performed, 2007-2018



MOUSA Majority-owned U.S. affiliates  
 R&D Research and development  
 U.S. Bureau of Economic Analysis

- Research and development (R&D) performed by MOUSAs increased 6.6 percent to \$66.9 billion.
- MOUSAs accounted for 15.2 percent of total U.S. business R&D, larger than the MOUSA share of employment or value added.

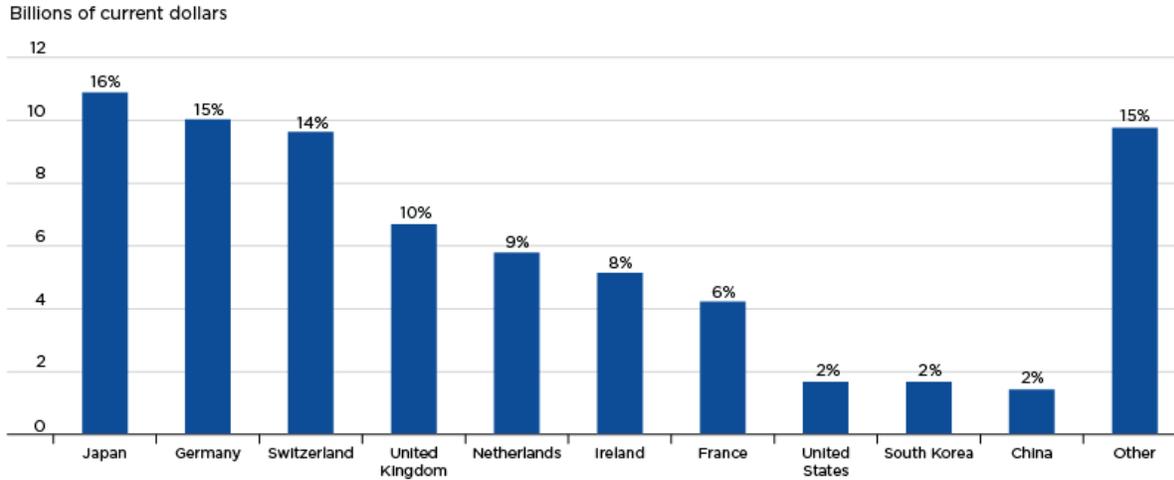
Chart 13. MOUSA R&D Performed by Industry, 2018



MOUSA Majority-owned U.S. affiliates  
R&D Research and development  
U.S. Bureau of Economic Analysis

- Manufacturing made up the overwhelming bulk of all MOUSA R&D performed, accounting for 71 percent of total R&D. Chemicals manufacturing (which includes pharmaceuticals) accounted for most of MOUSA manufacturing R&D.

Chart 14. MOUSA R&D Performed by Country of UBO, 2018



MOUSA Majority-owned U.S. affiliates  
R&D Research and development  
UBO Ultimate beneficial owner  
U.S. Bureau of Economic Analysis

- The countries of UBO that accounted for the largest MOUSA R&D performed were Japan, Germany, Switzerland, the United Kingdom, and the Netherlands. The top five countries of UBO accounted for 64 percent of MOUSA R&D.

1. Employment covers the total number of full-time and part-time employees on the payroll at the end of the year.
2. Value added is the value of the final goods and services produced by a firm's labor and property. Value added represents the firm's contribution to U.S. gross domestic product.
3. Expenditures for property, plant, and equipment cover expenditures for land and depreciable structures and equipment.
4. Research and development (R&D) performed includes expenditures for R&D performed by the U.S. affiliate, whether the R&D was for their own use or for use by others.