

Visual Essay

Activities of U.S. Affiliates of Foreign Multinational Enterprises in 2017

The Bureau of Economic Analysis (BEA) recently released statistics on the 2017 [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

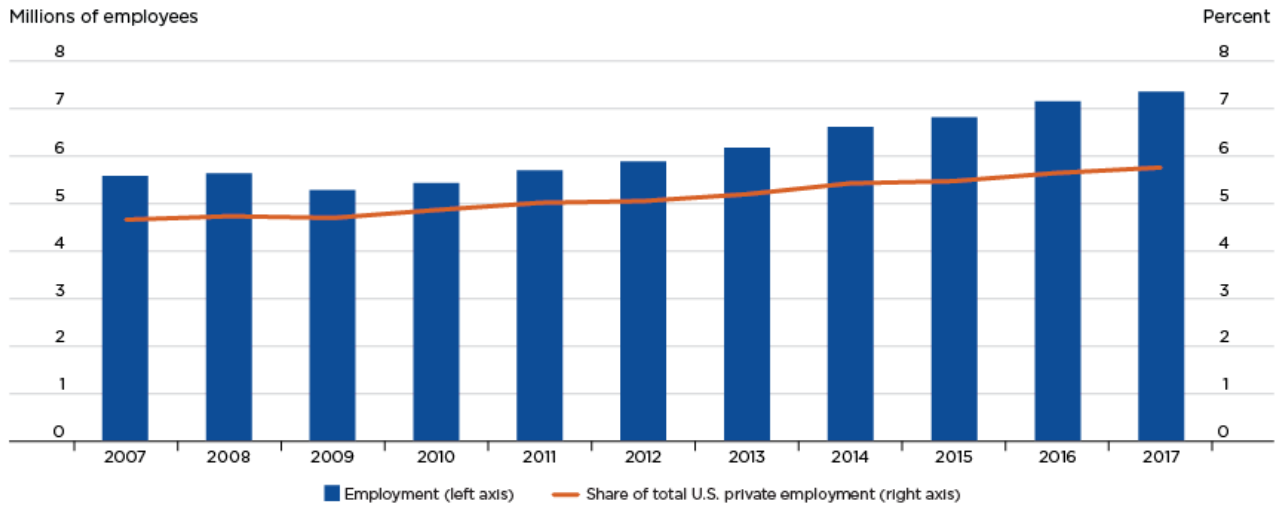
A U.S. affiliate is a U.S. business enterprise in which there is foreign direct investment—that is, it is owned at least 10 percent by a foreign parent. A majority-owned U.S. affiliate (MOUSA) is a U.S. affiliate that is more than 50 percent foreign-owned. Data are available in greater detail for majority-owned 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 entity, proceeding up a U.S. affiliate's ownership chain, beginning with the foreign parent, that is not owned more than 50 percent by another entity. 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 2017. Much more detail, including additional data items, can be found on the BEA [website](#).

Employment¹

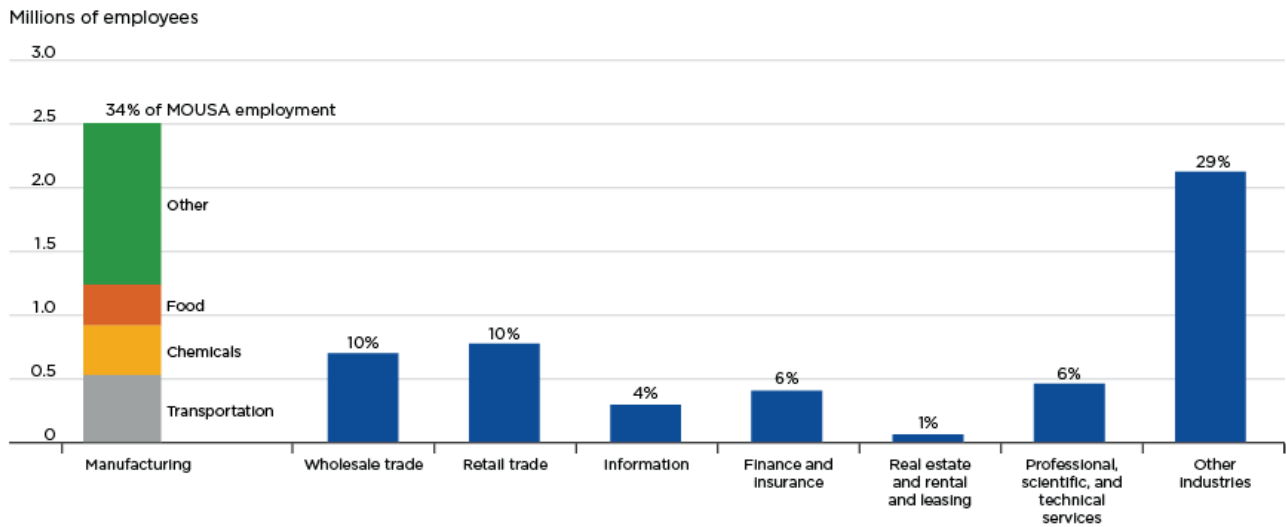
Chart 1. MOUSA Employment, 2007-2017



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

- MOUSAs of foreign MNEs employed 7.4 million workers in the United States in 2017, 2.8 percent more than in 2016.
- MOUSAs accounted for 5.8 percent of total private-industry employment in the United States.

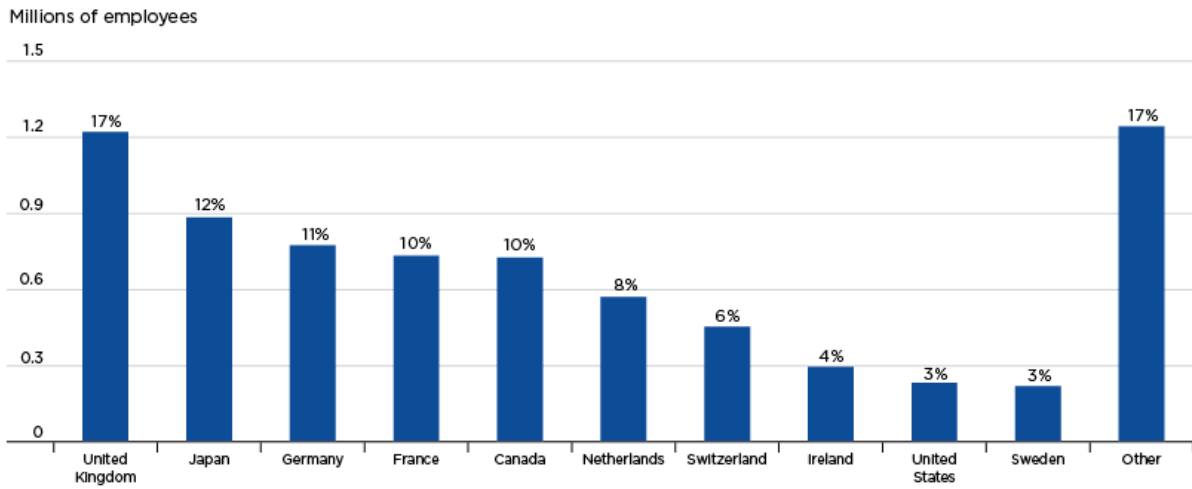
Chart 2. MOUSA Employment by Industry, 2017



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

- The manufacturing sector accounted for 34 percent of MOUSA employment. Within manufacturing, transportation equipment employed the most workers, followed by chemicals and food.
- Within other industries, administration, support, and waste management, along with accommodation and food services, employed the most workers.

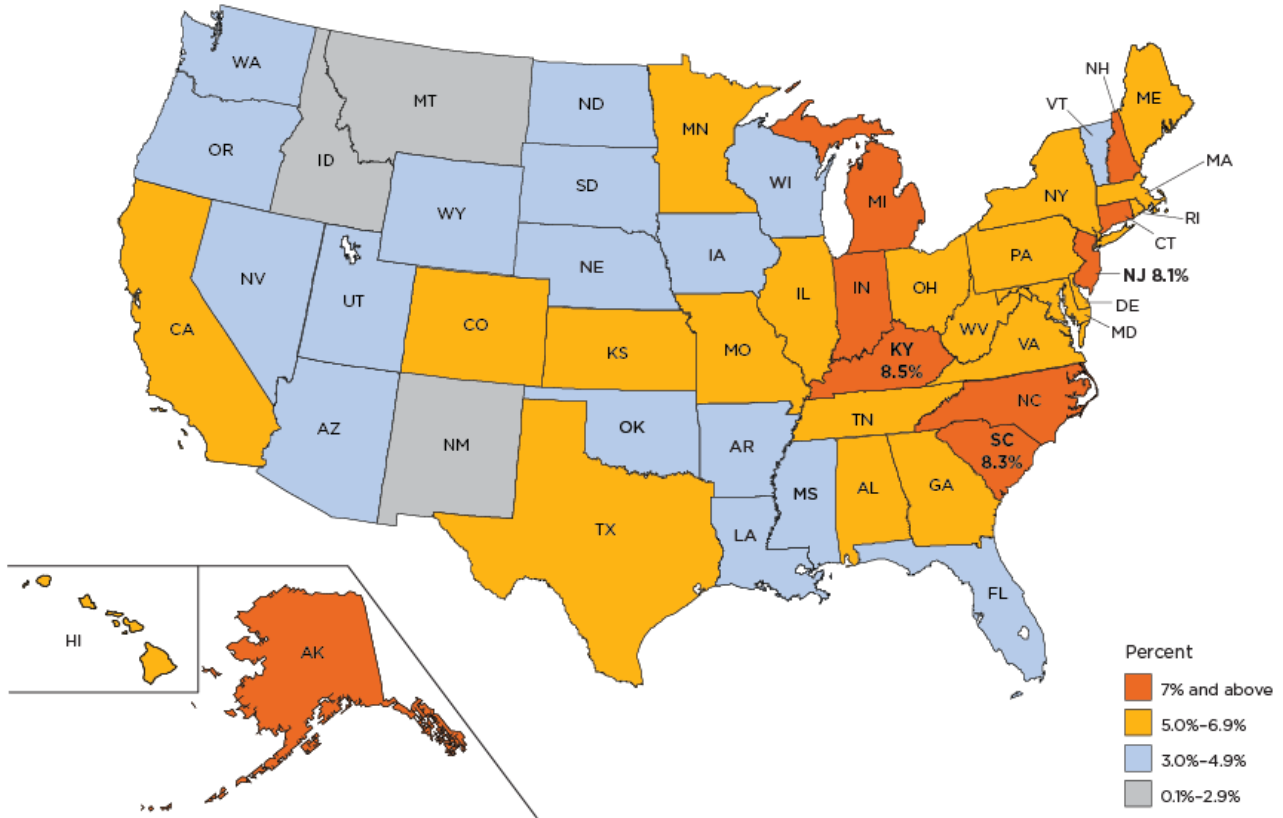
Chart 3. MOUSA Employment by Country of UBO, 2017



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, France, and Canada. These five countries accounted for approximately 60 percent of all MOUSA employment.

Chart 4. MOUSA Employment Share by State, 2017

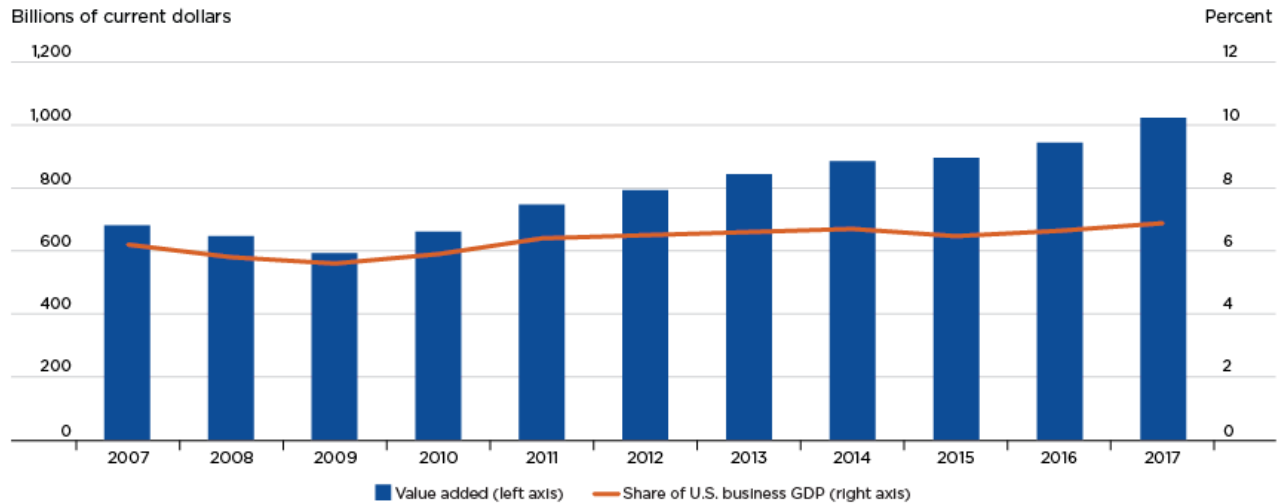


MOUSA: Majority-owned U.S. affiliates
 U.S. Bureau of Economic Analysis

- By state, private-industry employment accounted for by MOUSAs was highest in Kentucky, South Carolina, and New Jersey. In all three states, MOUSAs in the manufacturing industry employed the most workers.

Value Added²

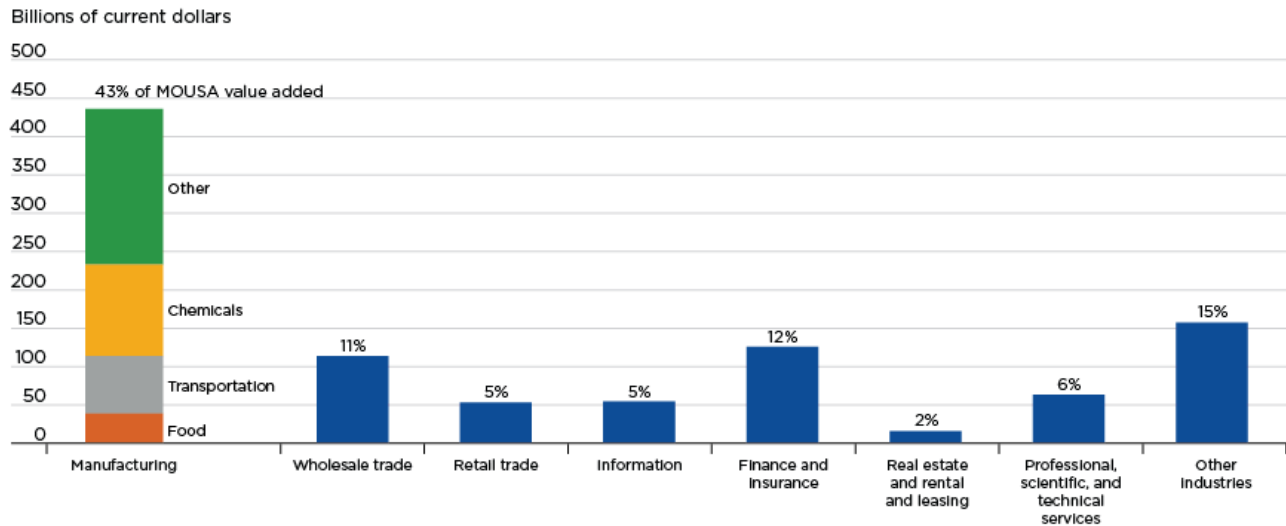
Chart 5. MOUSA Value Added, 2007-2017



GDP Gross domestic product
MOUSA Majority-owned U.S. affiliates
U.S. Bureau of Economic Analysis

- Current-dollar value added of MOUSAs increased 8.3 percent to \$1.0 trillion.
- MOUSAs accounted for 6.9 percent of total U.S. business-sector gross domestic product.

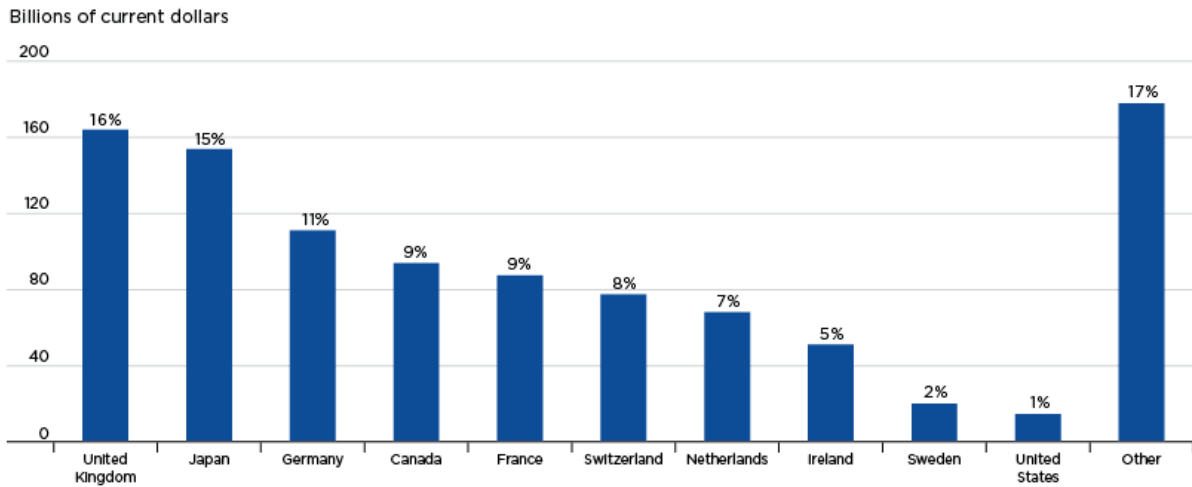
Chart 6. MOUSA Value Added by Industry, 2017



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.
- Within other industries, administration, support, and waste management and mining accounted for the largest shares.

Chart 7. MOUSA Value Added by Country of UBO, 2017

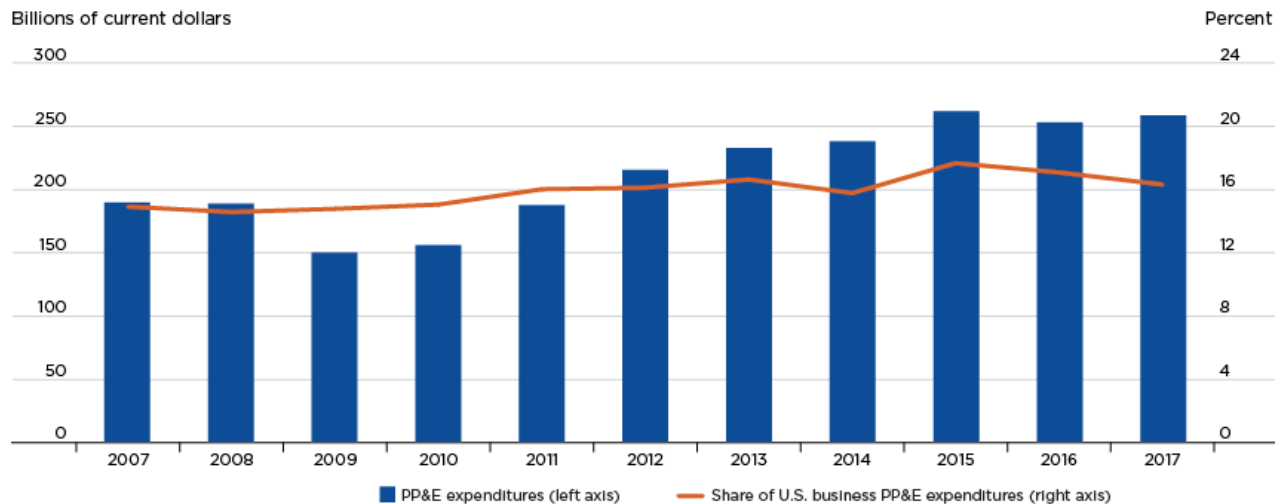


MOUSA: Majority-owned U.S. affiliates
UBO: Ultimate beneficial owner
U.S. Bureau of Economic Analysis

- 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 approximately 60 percent of all MOUSA value added.

Property, Plant, and Equipment³

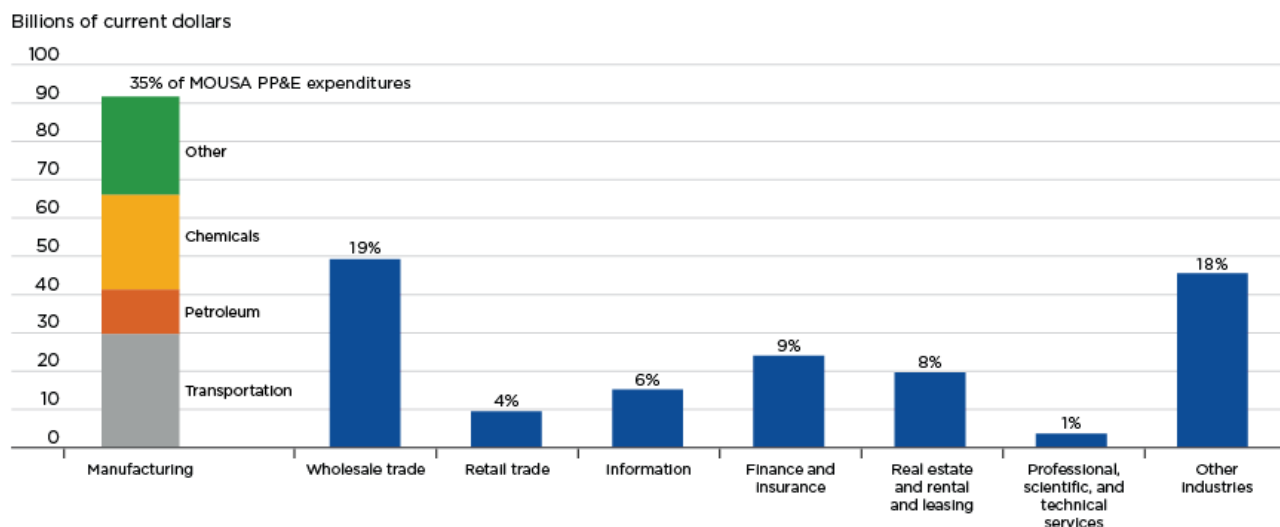
Chart 8. MOUSA PP&E Expenditures, 2007–2017



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 2.2 percent to \$258.6 billion. By industry, there were significant offsetting increases and decreases.
- MOUSAs accounted for 16.4 percent of total U.S. private business capital expenditures. This share is much larger than the shares for employment and value added, illustrating the capital-intensive nature of foreign-owned businesses in the United States.

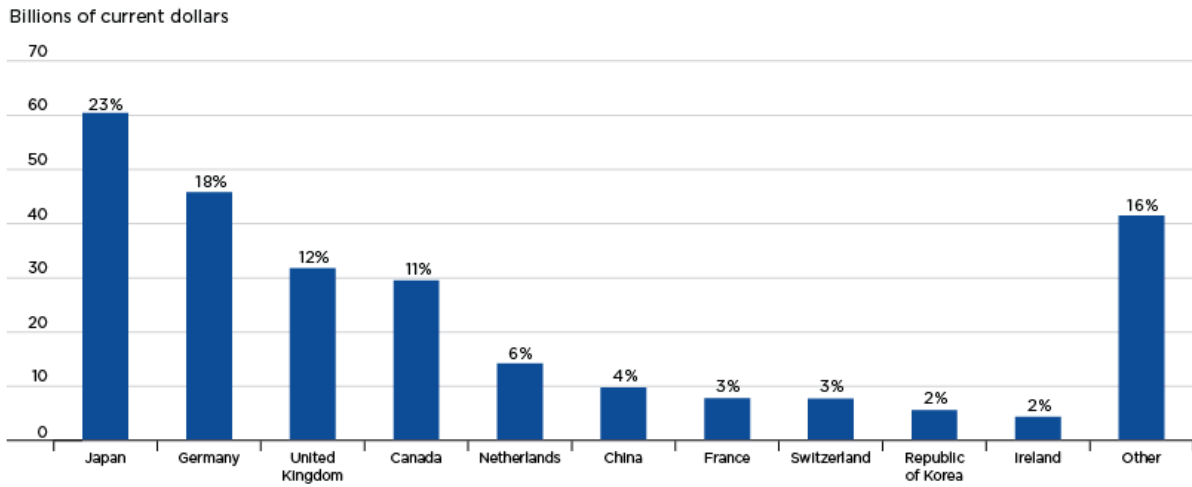
Chart 9. MOUSA PP&E Expenditures by Industry, 2017



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 other industries, mining and utilities accounted for the largest shares.

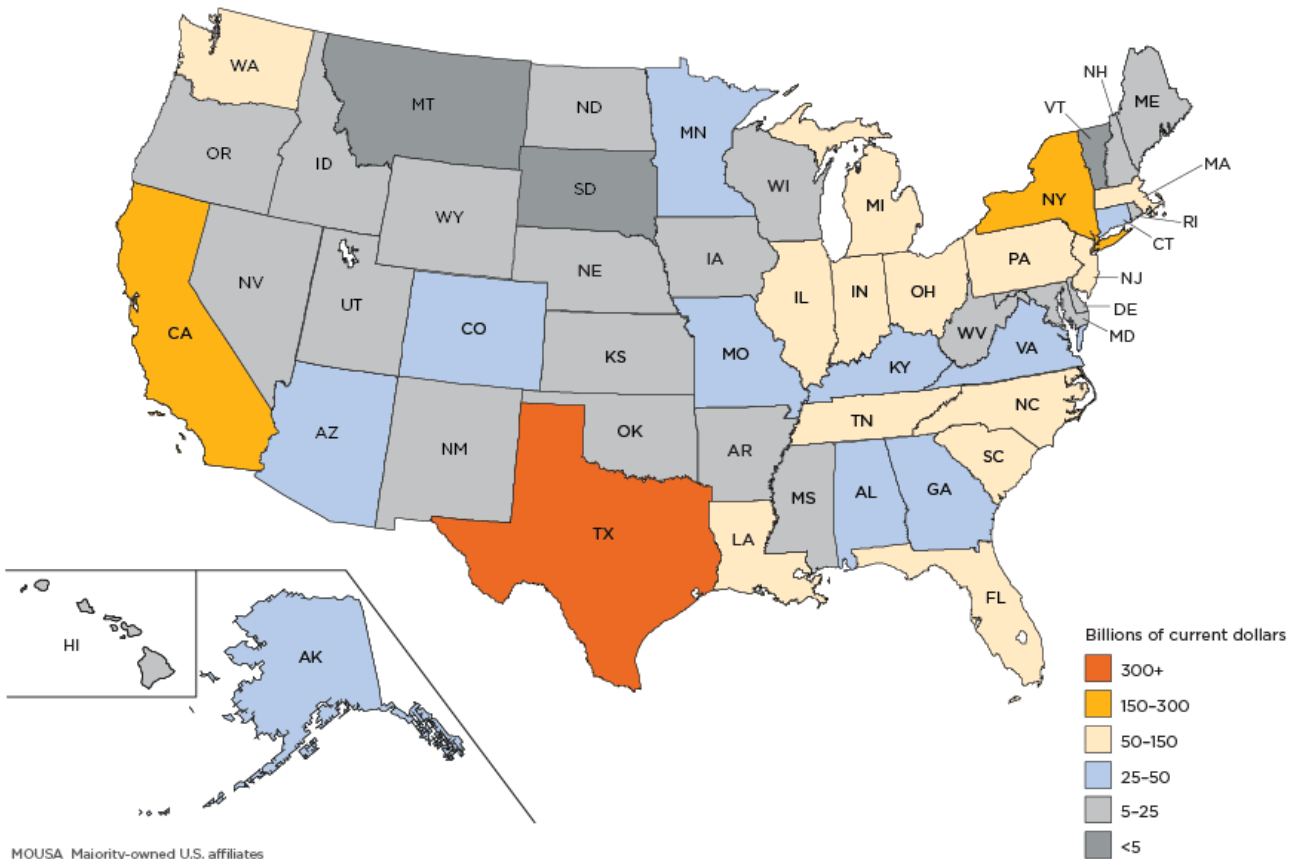
Chart 10. MOUSA PP&E Expenditures by Country of UBO, 2017



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, and Canada. PP&E expenditures are more concentrated by country than employment and value added, with the top four countries of UBO accounting for over 60 percent of MOUSA PP&E expenditures.

Chart 11. MOUSA PP&E (Stock) by State, 2017

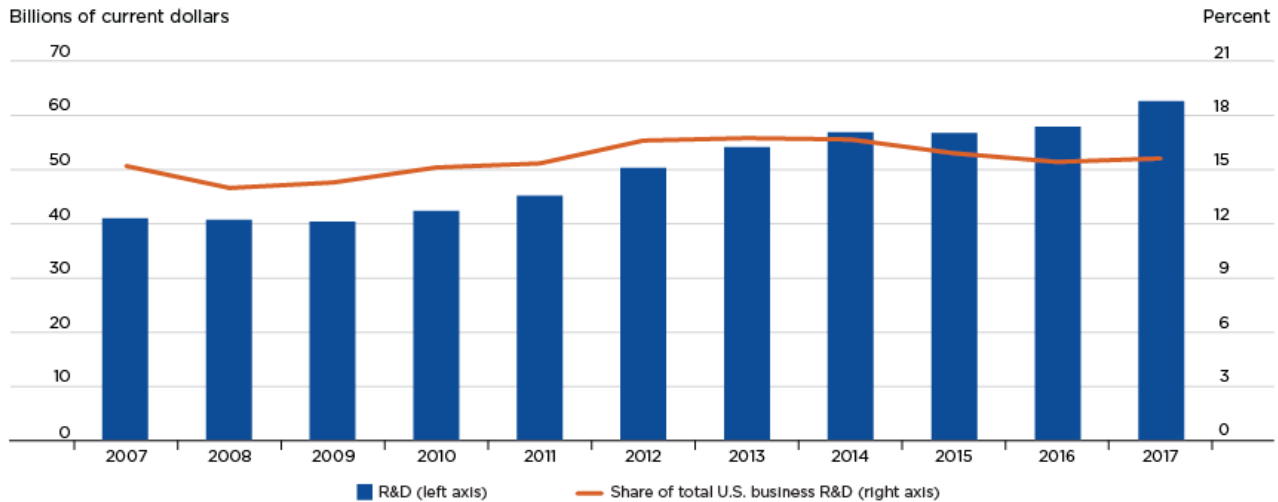


MOUSA Majority-owned U.S. affiliates
 PP&E Property, plant, and equipment
 U.S. Bureau of Economic Analysis

- 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 direct investment position statistics.
- Total gross PP&E for the United States was \$2.5 trillion. The states with the largest share of MOUSA gross PP&E were Texas (\$456 billion), California (\$191 billion), and New York (\$169 billion).

Research and Development⁴

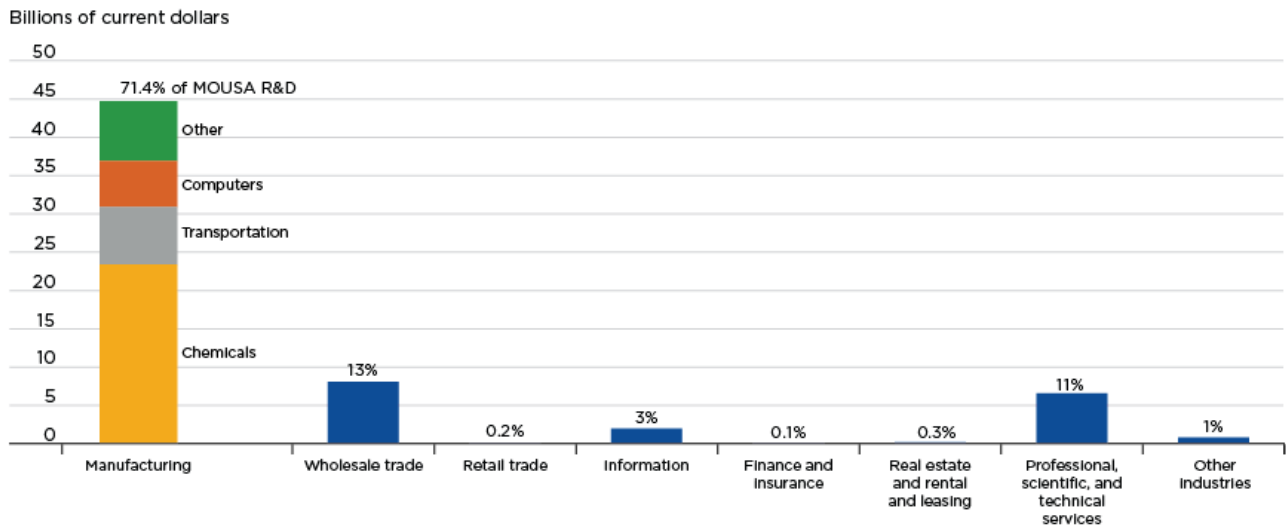
Chart 12. MOUSA R&D Performed, 2007-2017



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 8.1 percent to \$62.6 billion, in line with the overall increase of 7 percent for all U.S. businesses.
- MOUSAs accounted for 15.6 percent of total U.S. business R&D, larger than the MOUSA share of employment or value added.

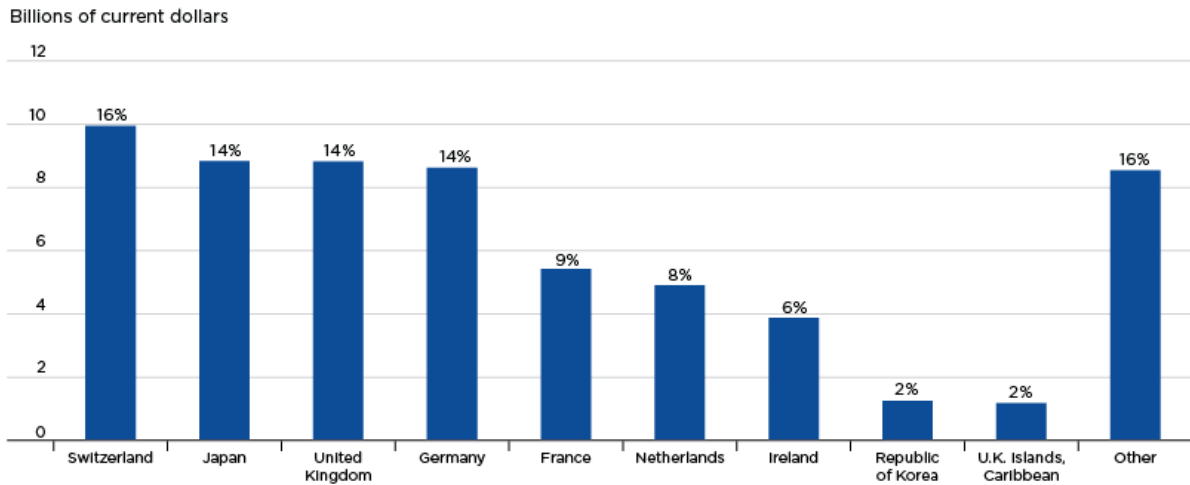
Chart 13. MOUSA R&D Performed by Industry, 2017



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, 2017



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 Switzerland, Japan, the United Kingdom, and Germany. The top four countries of UBO accounted for almost 60 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.