

Operations of U.S. Affiliates of Foreign Companies

Preliminary Results From the 2007 Benchmark Survey

By Thomas Anderson and William J. Zeile

MAJORITY-owned U.S. affiliates of foreign companies accounted for 6 percent of U.S. private industry value added in 2007, according to preliminary statistics derived from the Bureau of Economic Analysis (BEA) 2007 Benchmark Survey of Foreign Direct Investment in the United States. Unlike previous statistics in this series, this figure includes value added by bank affiliates as well as nonbank affiliates; coverage of previous statistics on value added by affiliates was limited to nonbanks.¹ The measures of value added by banks are based on new data collected on the benchmark survey and represent a major improvement to the statistics by closing a significant gap in the industry coverage of majority-owned U.S. affiliates (“U.S. affiliates”).² The new data will also be collected on the follow-on annual surveys, beginning with the 2008 survey.³ In 2007, the current-dollar value added of U.S. affiliates totaled \$657.6 billion, with \$29.6 billion attributable to bank affiliates and \$628.0 billion attributable to nonbank affiliates.

Employment by U.S. affiliates totaled 5.5 million workers in 2007, and their share of U.S. private industry employment was 4.6 percent (table 1).⁴ Total employment for U.S. affiliates in 2007 was slightly lower than in the 2002 benchmark survey year (the last year

for which data on bank affiliate employment were collected), as employment gains associated with acquisitions of U.S. companies by foreign direct investors since 2002 were more than offset by employment reductions associated with foreign divestitures. Because total U.S. employment in private industries increased faster than U.S. affiliate employment, the affiliate share of employment decreased from 4.9 percent to 4.6 percent.

The slight decrease in affiliate employment from 2002 to 2007 was in sharp contrast to the sharp increase between the benchmark survey years 1997 and 2002, when record levels of acquisitions by foreign direct investors in 1999 and 2000 boosted affiliate employment by over 25 percent, much more than the 6 percent increase in total U.S. private industry employment in 1997–2002.⁵

For majority-owned *nonbank* affiliates (for which annual data for years before 2007 are available), value

5. According to data from BEA’s survey of new foreign investments, outlays by foreign direct investors to acquire or establish businesses in the United States between 1998 and 2002 totaled \$1,027 billion. Between 2003 and 2007, these outlays were \$493 billion. The highest outlays—\$275 billion and \$336 billion—were recorded in 1999 and 2000, respectively. See Thomas Anderson, “Foreign Direct Investment in the United States: New Investment in 2008,” *SURVEY OF CURRENT BUSINESS* 89 (June 2009): 54–61.

1. In previous presentations, the focus was on nonbank affiliates, as information on bank affiliate operations was limited to employment and a few other data items collected only in benchmark survey years. In the 2007 benchmark survey, the data collection for bank affiliates was expanded to cover several core data items, including all of the items needed to compute affiliate value added.

2. This article focuses on the operations of U.S. affiliates that are majority owned by foreign direct investors. BEA also collects data on the operations of U.S. affiliates that are owned 50 percent or less by foreign direct investors; however, the data for these affiliates are less extensive than those for majority-owned affiliates. Selected data on the operations of all (majority-owned and minority-owned) U.S. affiliates are presented in tables that can be accessed on BEA’s Web site at www.bea.gov/international/di1fdiop.htm. Majority-owned companies account for most of the foreign direct investment activity in the United States. In 2007, majority-owned U.S. affiliates accounted for 92 percent of the employment of all U.S. affiliates.

3. In the annual surveys for 2008 forward, the data for bank and nonbank affiliates will be collected at the same level of detail for all data items.

4. Because U.S. affiliates tend to be concentrated in industrial sectors with relatively high value added per employee (such as manufacturing and wholesale trade), their share of U.S. employment is lower than their share of U.S. value added.

Table 1. Value Added and Employment of Majority-Owned U.S. Affiliates of Foreign Companies, 1997, 2002, and 2007

	Value added		Employment	
	Millions of dollars	As a percentage of U.S. private industry value added	Thousands of workers	As a percentage of U.S. private industry employment
1997	n.a.	n.a.	4,372.4	4.1
2002	n.a.	n.a.	5,570.4	4.9
2007	657,558	6.0	5,519.5	4.6

n.a. Not available

NOTES: For improved comparability with U.S.-affiliate value added, U.S. private industry value added was adjusted to exclude value added in private households, imputed rental income from owner-occupied housing, and business transfer payments.

For the latest estimates of U.S. private industry value added, see Donald D. Kim, Brian M. Lindberg, and Justin M. Monaldo, “Annual Industry Accounts: Advance Statistics on GDP by Industry for 2008” *SURVEY OF CURRENT BUSINESS* 89 (May 2009): 22–37.

For improved comparability with U.S.-affiliate employment, U.S. private industry employment was adjusted to exclude employment in private households.

For consistency with the coverage of the data on U.S. private industry employment, U.S.-affiliate employment in Puerto Rico, in “other U.S. areas,” and in “foreign” was excluded from the U.S.-affiliate totals when the employment shares were computed.

added in current dollars increased 1.9 percent in 2007, from \$616.3 billion to \$628.0 billion (table 2). The increase in nonbank affiliate value added was the smallest since 2001, when it declined as a result of selloffs and reduced production. Increases among finance affiliates were almost completely offset by declines among affiliates in petroleum and manufacturing industries. Because current-dollar U.S. value added in private industries grew slightly faster, the affiliates' share of value added in nonbank private industries fell slightly from 6.1 percent to 6.0 percent (chart 1). De-

spite the decline, the share of value added accounted for by nonbank U.S. affiliates was the second highest recorded since these statistics were introduced in 1988. The highest share was recorded in 2006.

Chart 1. Majority-Owned Nonbank U.S. Affiliate Share of U.S. Value Added and Employment in Private Industries, 1988–2007

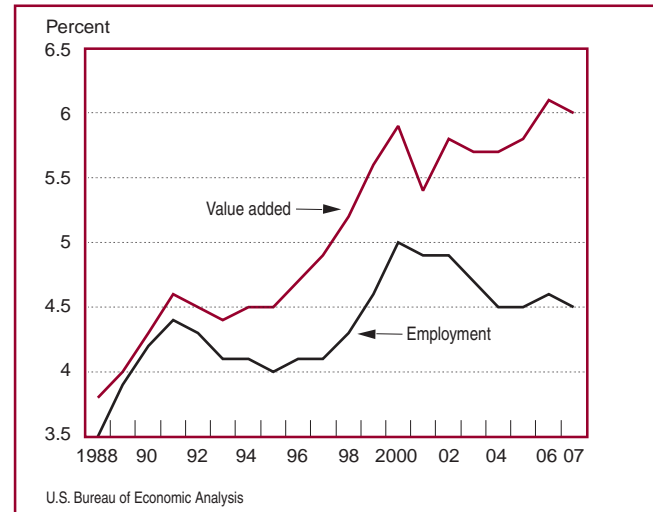


Table 2. Value Added and Employment of Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988–2007

	Value added		Employment	
	Millions of dollars	As a percentage of U.S. private industry value added	Thousands of workers	As a percentage of U.S. private industry employment
1988	146,424	3.8	3,119.0	3.5
1989	168,547	4.0	3,573.4	3.9
1990	190,477	4.3	3,841.7	4.2
1991	207,126	4.6	3,991.3	4.4
1992	214,781	4.5	3,903.9	4.3
1993	223,008	4.4	3,851.7	4.1
1994	244,690	4.5	3,954.0	4.1
1995	254,938	4.5	4,022.6	4.0
1996	283,422	4.7	4,155.6	4.1
1997	313,655	4.9	4,269.1	4.1
1998	353,860	5.2	4,669.5	4.3
1999	397,295	5.6	5,064.3	4.6
2000	447,287	5.9	5,656.5	5.0
2001	417,122	5.4	5,594.3	4.9
2002	460,609	5.8	5,425.4	4.9
2003	475,062	5.7	5,244.4	4.7
2004	511,474	5.7	5,131.5	4.5
2005	549,569	5.8	5,201.6	4.5
2006 ^r	616,317	6.1	5,334.2	4.6
2007 ^p	627,981	6.0	5,346.8	4.5

Percent change from preceding year:

Year	Value added (%)	Employment (%)
1989	15.1	14.6
1990	13.0	7.5
1991	8.7	3.9
1992	3.7	-2.2
1993	3.8	-1.3
1994	9.7	2.7
1995	4.2	1.7
1996	11.2	3.3
1997	10.7	2.7
1998	12.8	9.4
1999	12.3	8.5
2000	12.6	11.7
2001	-6.7	-1.1
2002	10.4	-3.0
2003	3.1	-3.3
2004	7.7	-2.2
2005	7.4	1.4
2006 ^r	12.1	2.5
2007 ^p	1.9	0.2

^p Preliminary
^r Revised

NOTES: For improved comparability with U.S.-affiliate value added, U.S. private industry value added was adjusted to exclude value added in depository institutions and private households, imputed rental income from owner-occupied housing, and business transfer payments.

For the latest estimates of U.S. private industry value added, see Donald D. Kim, Brian M. Lindberg, and Justin M. Monaldo, "Annual Industry Accounts: Advance Statistics on GDP by Industry for 2008" SURVEY OF CURRENT BUSINESS 89 (May 2009): 22–37.

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Employment by nonbank affiliates rose in 2007 for the third consecutive year to 5,347,000, an increase of 0.2 percent. Despite these increases, employment by nonbank affiliates was substantially lower in 2007 than at its peak in 2000, which followed several years of rapid employment gains due to acquisitions of U.S. companies by foreign investors.

The following are additional highlights of the operations of bank and nonbank U.S. affiliates in 2007:

- The United Kingdom was the largest investing country in terms of value added, followed by Germany and Japan.
- The share of total U.S. employment accounted for by affiliates was highest in Delaware, followed by South Carolina.
- The shares of total U.S. employment accounted for by affiliates were highest in mining and manufacturing.
- Affiliates accounted for 15 percent of the research and development (R&D) performed by all U.S. businesses, with more than 80 percent of the affiliate R&D being performed for the affiliates' own account.
- Employees covered by collective bargaining agreements accounted for 12 percent of the total employment of U.S. affiliates, much higher than the 8 percent union-represented share of employment for all U.S. businesses.
- Affiliates accounted for 19 percent of U.S. exports of goods and for 27 percent of U.S. imports of goods.

Among the major U.S. trading-partner countries, the affiliate share of U.S. exports was highest for Switzerland and Japan, and the affiliate share of U.S. imports was highest for Japan.

- About 70 percent of the imports of U.S. affiliates were goods intended for resale without further manufacture by the affiliates, reflecting the dominance of affiliate import activity by wholesale trade affiliates.

This article examines both current patterns and recent trends in affiliate operations. It begins by discussing production and employment data collected annually and then discusses data collected only in benchmark years, including detailed data for R&D, union-represented employment, and trade in goods. Several additional measures of U.S.-affiliate operations are presented in tables at the end of this article.

Affiliate Production and Employment

Two key measures—value added and employment—are used to gauge the magnitude of U.S. affiliate operations relative to the U.S. economy. Value

added by affiliates is their contribution to U.S. gross domestic product; the contribution of affiliates to total private business activity is measured by their share of U.S. value added in private industries. At the industry level and the state level, employment is the measure used to gauge the affiliate share of economic activity because it is available at a more detailed level than the statistics on affiliate value added.

Value added

In 2007, the value added of majority-owned U.S. affiliates (including bank affiliates) was \$657.6 billion (table 1). To improve the coverage of the statistics on the operations of U.S. affiliates, the data needed to calculate the value added of bank affiliates were collected for the first time for 2007. As a result, the value added totals cannot be compared with those for previous years (see the box “2007 Benchmark Survey”).⁶

6. During previous benchmark surveys (1980, 1987, 1992, 1997, and 2002) a limited number of data items were collected from bank affiliates. The 2007 benchmark survey is the first in which sufficient data have been collected to allow the calculation of value added by bank affiliates.

Key Terms

The following key terms are used to describe U.S. affiliates of foreign companies and their operations.

U.S. affiliate. A U.S. 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 of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise. **Person** is broadly defined to include any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization and any government (including any corporation, institution, or other entity or instrumentality of a government). A “foreign person” is any person that resides outside the United States—that is, outside the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions.

Majority-owned U.S. affiliate. A U.S. affiliate that is owned more than 50 percent by foreign direct investors.

Foreign parent. The first person outside the United States in a U.S. affiliate’s ownership chain that has a direct investment interest in the affiliate.

Ultimate beneficial owner (UBO). That person, proceeding up a U.S. affiliate’s ownership chain, beginning with and including the foreign parent, that is not owned more than 50 percent by another person. Unlike the foreign parent, the UBO of an affiliate may be located in the United States. The UBO of each U.S. affiliate is identified

to ascertain the person that ultimately owns or controls the U.S. affiliate and that therefore ultimately derives the benefits from ownership or control.

Foreign parent group. Consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent’s ownership chain, that owns more than 50 percent of the person below it, up to and including the UBO, 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.

Value added. The contribution to U.S. gross domestic product, which is the market value of the goods and services produced by labor and property located in the United States. Value added can be measured as gross output (sales or receipts and other operating income plus inventory change) minus intermediate inputs (purchased goods and services). Alternatively, it can be measured as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production. The value-added estimates for U.S. affiliates were prepared by summing cost and profit data collected in the annual and benchmark surveys of foreign direct investment in the United States. The estimates are measures of gross value added rather than measures of net value added because they are calculated without the deduction for the consumption of fixed capital used in production.

The estimates of value added of U.S. affiliates are conceptually consistent with BEA’s estimates of U.S. value added by industry.

By country of ownership. In 2007, about three-fourths of the value added by majority-owned affiliates was accounted for by seven investing countries—Canada, France, Germany, Japan, the Netherlands, Switzerland, and the United Kingdom (chart 2 and table 3). Affiliates with ultimate beneficial owners (UBOs) in the United Kingdom accounted for the largest share of affiliate value added (see the box “Key Terms”). British-owned affiliates accounted for 18 percent of affiliate value added and for about 1 percent of total U.S. private industry value added. German-owned affiliates had the second-largest share of affiliate value added, while Japanese-owned affiliates had the third-largest share.⁷

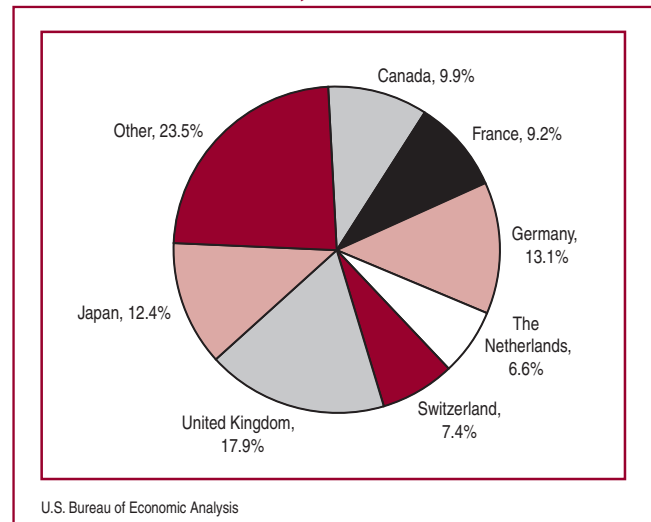
The industry distributions of affiliate activity varied considerably by country of ownership. British-owned affiliates were involved in a wide range of industries, notably pharmaceuticals manufacturing and petroleum wholesaling. German-owned affiliates were concentrated in a few manufacturing industries—chemicals, machinery, and motor vehicles—and in information and in finance. Japanese-owned affiliates were particularly active in motor vehicles manufacturing and wholesaling industries, which together

7. The inclusion of bank affiliates in these data is responsible for German-owned affiliates constituting the second-largest share of affiliate value added. Among nonbank affiliates, the rankings of Japanese-owned affiliates and German-owned affiliates were reversed.

Table 3. Value Added of Majority-Owned U.S. Affiliates by Country of Ultimate Beneficial Owner, 2007

	Millions of dollars	Percentage of all-countries total
All countries	657,558	100.0
Canada	64,861	9.9
Europe	412,330	62.7
Belgium.....	10,193	1.6
Denmark.....	3,791	0.6
Finland.....	3,412	0.5
France.....	60,733	9.2
Germany.....	85,921	13.1
Ireland.....	6,860	1.0
Italy.....	9,078	1.4
Netherlands.....	43,639	6.6
Spain.....	3,656	0.6
Sweden.....	12,253	1.9
Switzerland.....	48,914	7.4
United Kingdom.....	117,686	17.9
Other.....	6,193	0.9
Latin America and Other Western Hemisphere	49,637	7.5
Bermuda.....	22,959	3.5
Mexico.....	4,800	0.7
United Kingdom Islands, Caribbean.....	5,683	0.9
Venezuela.....	6,485	1.0
Other.....	9,712	1.5
Africa	1,124	0.2
Middle East	15,663	2.4
Saudi Arabia.....	8,854	1.3
Other.....	6,809	1.0
Asia and Pacific	104,925	16.0
Australia.....	11,505	1.7
Japan.....	81,475	12.4
Korea, Republic of.....	3,006	0.5
Other.....	8,939	1.4
United States	9,018	1.4

Chart 2. Investing-Country Shares of Value Added of U.S. Affiliates, 2007



accounted for almost one-third of Japanese affiliate value added. Netherlands-owned affiliates were concentrated in petroleum manufacturing, which accounted for more than one-third of affiliate value added, and also had significant value added from retail trade. Manufacturing accounted for the majority of the value added of Swiss-owned affiliates, with pharmaceuticals being especially prominent. French-owned and Canadian-owned affiliates were most active in manufacturing and finance. Canadian-owned affiliates were also active in mining.

Other countries of UBOs with substantial affiliate value added were Bermuda, Sweden, Australia, and Belgium. The value added for Bermuda partly represents the activity of U.S. firms that reorganized their ownership structure so that the U.S. firm was replaced by a newly formed corporation in Bermuda as the top-tier parent of the corporate group.⁸ The majority

8. In these situations, sometimes referred to as “corporate inversions,” the U.S. corporation formed a corporation in a foreign country and simultaneously inverted its ownership structure, so that the U.S. corporation is now a U.S. affiliate of a foreign UBO.

Data Availability

This article summarizes the preliminary statistics from the 2007 Benchmark Survey of Foreign Direct Investment in the United States. More detailed statistics will be posted this fall in files that can be downloaded at no charge from BEA’s Web site. Detailed statistics of U.S. affiliate operations for 1977–2007 are also available on BEA’s Web site. For more information on these statistics and how to access them, see www.bea.gov/international/index.htm.

of the value added by Swedish-owned affiliates was in manufacturing. Australian-owned affiliates were active in both manufacturing and real estate and rental and leasing, and Belgian-owned affiliates were most prominent in retail trade.

By industry of UBO. In 2007, the largest share of affiliate value added—43 percent—was accounted for by affiliates whose UBOs were in manufacturing (table 4). Affiliates in finance and wholesale trade together accounted for 18 percent of affiliate value added. UBOs

The 2007 Benchmark Survey

Benchmark surveys are BEA's most comprehensive surveys of foreign direct investment, in terms of both coverage of companies and the amount of information collected. The 2007 Benchmark Survey of Foreign Direct Investment in the United States covered all U.S. affiliates of foreign direct investors. It collected detailed information on the financial structure and operations of U.S. affiliates and on the transactions and positions between the U.S. affiliates and their foreign parents.

The concepts and definitions underlying the 2007 survey are essentially the same as those underlying the previous benchmark survey, which covered 2002. The methodology of the 2007 survey will be published with the final survey results.

The financial and operating data from the benchmark survey extend the universe statistics that begin with the statistics for 1977 and that are derived from both annual and benchmark surveys. In addition, the benchmark survey data will be used in preparing annual statistics in subsequent nonbenchmark years; these annual statistics are derived by extrapolating forward the benchmark survey data by the sample data reported in BEA's annual surveys of foreign direct investment in the United States.

The 2007 benchmark survey initiates several improvements in BEA's presentation of statistics on the operations of U.S. affiliates. Beginning with the 2007 statistics in this article, the statistics on value added by majority-owned U.S. affiliates cover bank as well as nonbank affiliates. This change is a result of a major expansion in the amount of information collected on a separate form for bank affiliates (which now includes all of the data items needed to compute value added). In the past, bank affiliates reported only a very limited amount of information on their operations, and only in benchmark surveys. Beginning with 2008, financial and operating data for bank affiliates are being collected annually at the same level of detail as the data for nonbank affiliates.

In addition to the expanded information on the operations of bank affiliates, the benchmark survey collected new detail on affiliates' R&D expenditures, trade in goods, and employment and compensation of employees. For affiliate R&D broken down by source of funding, the benchmark survey collected new information on R&D performed for the affiliates' foreign parent groups and for their foreign affiliates. For affiliate trade in goods by country of destination and origin, country-level information on trade with the affiliates' foreign parent groups was supplemented with new information on trade with foreign affiliates of the U.S. affiliate. Finally, for employment and for compensation of employees, new detail was collected for two occupational groupings: managerial, professional, and technical employees and all other employees.

Many of the data items for affiliates that are collected in the benchmark surveys are also collected in annual surveys, but some items are collected only in benchmark surveys. These items include detailed data on R&D by source of funding, the number of employees covered by collective bargaining agreements, U.S. exports and imports of goods by country of destination or origin, U.S. imports of goods by intended use, and employment and

compensation of employees by occupational group.

As in previous benchmark surveys, large majority-owned affiliates were required to report more detailed data. However, to align the information requested on the survey with the resources available to process it and to reduce the burden on respondents, a new survey form, the miniform, was introduced in the 2007 benchmark survey, and the thresholds for reporting on the longer survey forms were raised.

Every U.S. affiliate was required to report in the benchmark survey for 2007. In order to minimize the reporting burden of small enterprises, nonbank affiliates that did not have assets, sales, or net income of more than \$15 million were only required to report some basic identification information and a few items indicating affiliate size—including assets, sales, net income, and employment—on the abbreviated miniform. Nonbank affiliates with assets, sales, or net income greater than \$15 million but not greater than \$40 million were required to file a complete miniform, which requested additional information on a few other measures of affiliate operations, including employee compensation, R&D expenditures, and expenditures for property, plant, and equipment. Together, affiliates that filed the miniform accounted for a very small share of the data for all affiliates in terms of value: they accounted for 0.2 percent of the total assets, 0.7 percent of the sales, and 1.4 percent of the employment of all affiliates.

A long form that requested detailed information for nonbank affiliates was filed only by majority-owned affiliates with assets, sales, or net income of more than \$175 million. The size threshold for reporting on the long form had been \$125 million in the 2002 benchmark survey; it was raised in order to reduce the burden on respondents. Smaller majority-owned affiliates with assets, sales, or net income between \$40 million and \$175 million filed the short form; in the 2002 benchmark survey, majority-owned affiliates filed on the short form if they had assets, sales, or net income between \$30 million and \$125 million. For those majority-owned affiliates not required to file a long form, BEA estimated the items that are only on the long form, so that the published results could be presented in the same detail for all majority-owned affiliates. The short form was also filed by all minority-owned nonbank affiliates (that is, by affiliates that were owned 50 percent or less by foreign direct investors) with assets, sales, or net income of more than \$40 million; because the estimates of items that are only on the long form are not prepared for these affiliates, the published results for all affiliates cover only the items that are on the short form.

The preliminary results from the benchmark survey include estimates of data for reports that could not be fully processed in time for publication (these data account for less than 10 percent of total assets for all reports received). The final results will incorporate data from the reports that are received and processed after the publication of the preliminary results. Revisions are generally expected to be modest, but they could be sizable for some countries, industries, states, or items.

that were individuals, estates, or trusts accounted for 11 percent of affiliate value added, and governments and government-related entities accounted for 3 percent of affiliate value added.

Table 4. Value Added of Majority-Owned U.S. Affiliates by Industry of Ultimate Beneficial Owner, 2007

	Million of dollars	Percentage of all-industries total
All industries	657,558	100.0
Government and government-related entities	17,894	2.7
Individuals, estates, and trusts	72,785	11.1
Mining	26,158	4.0
Manufacturing	281,638	42.8
Wholesale and retail trade	42,625	6.5
Information	24,514	3.7
Finance and insurance	75,364	11.5
Professional, scientific, and technical services	26,278	4.0
Other	90,300	13.7

By industry of affiliate. In 2007 affiliates classified in manufacturing accounted for the largest share of U.S. affiliate value added (42 percent) (table 5). Within manufacturing, the largest industry in terms of value added was chemicals, which accounted for 10 percent of total affiliate value added. More than half of the value added in chemicals was accounted for by manufacturers of pharmaceuticals and medicines, but

manufacturers of basic chemicals also provided substantial value added. Affiliates in transportation equipment manufacturing also contributed substantially to

Table 5. Value Added of Majority-Owned U.S. Affiliates by Industry of Affiliate, 2007

	Millions of dollars	Percentage of all-industries total
All industries	657,558	100.0
Manufacturing	272,898	41.5
Food	15,133	2.3
Beverages and tobacco products	9,091	1.4
Petroleum and coal products	29,574	4.5
Chemicals	65,994	10.0
Plastics and rubber products	10,973	1.7
Nonmetallic mineral products	21,117	3.2
Primary metals	10,671	1.6
Fabricated metal products	7,235	1.1
Machinery	23,461	3.6
Computers and electronic products	13,792	2.1
Electrical equipment, appliances, and components	8,283	1.3
Transportation equipment	42,731	6.5
Other	14,844	2.3
Wholesale trade	96,224	14.6
Petroleum and petroleum products	20,956	3.2
Other	75,268	11.4
Retail trade	32,800	5.0
Information	35,341	5.4
Finance and insurance	74,769	11.4
Depository institutions and bank holding companies	24,226	3.7
Finance (except depository institutions)	27,612	4.2
Insurance	22,931	3.5
Real estate and rental and leasing	15,488	2.4
Professional, scientific, and technical services	26,117	4.0
Other industries	103,920	15.8

Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry

The data on employment are used to estimate affiliate shares of the U.S. economy by industry on the basis of the North American Industry Classification System (NAICS) because these data can be disaggregated by industry of sales, a basis that approximates the disaggregation of the data for all U.S. businesses by industry of establishment.¹ Thus, using the data on affiliate employment, the affiliate shares of the U.S. economy can be calculated at a greater level of industry detail than is possible using the value-added estimates or other data, which can only be disaggregated on the basis of industry of affiliate.²

1. The data for all U.S. businesses used to compute the affiliate shares of employment by NAICS industry are from the national income and product accounts (see table 6, footnote 1).

2. Establishment-level data from a joint project of BEA and the Census Bureau can be used to calculate affiliate shares at an even greater level of detail. For affiliate shares based on establishment data for six-digit manufacturing and five-digit nonmanufacturing NAICS industries for 2002, see *Foreign Direct Investment in the United States: Establishment Data for 2002* at www.bea.gov/scb/account_articles/international/iidguide.htm#page15. Similar data on a NAICS basis are available for 1997 and data on a Standard Industrial Classification basis are available for 1987 and 1992. Data only for manufacturing industries are available for 1988–91. The data for foreign-owned establishments are analyzed in SURVEY articles at www.bea.gov/scb/account_articles/international/iidguide.htm#page15.

In the classification by industry of sales, the data on affiliate employment and sales are distributed among all of the industries in which the affiliate reports sales. As a result, employment classified by industry of sales should approximate that classified by industry of establishment (or plant), because an affiliate that has an establishment in an industry usually also has sales in that industry.³

In contrast, in the classification by industry of affiliate, all of the operations data (including the employment data) for an affiliate are assigned to that affiliate's "primary" industry—that is, the industry in which it has the most sales.⁴ As a result, any affiliate operations that take place in secondary industries will be classified as operations in the primary industry.

3. However, this is not the case if one establishment of an affiliate provides all of its output to another establishment of that affiliate. For example, if an affiliate operates both a metal mine and a metal-manufacturing plant and if the entire output of the mine is used by the manufacturing plant, all of the affiliate's sales would be in metal manufacturing, and none, in metal mining. Thus, when the affiliate's employment is distributed by industry of sales, all of it would be classified in manufacturing, even though some of the employees work in an establishment in mining.

4. An affiliate's primary industry is based on a breakdown of the affiliate's sales by BEA's NAICS-based International Surveys Industry classification.

affiliate value added, especially those in motor vehicles but also those in other transportation equipment industries, such as aerospace manufacturing.

Outside of manufacturing, affiliates classified in wholesale trade, which includes several large affiliates with secondary operations in manufacturing, accounted for the second-largest share of value added, at 15 percent. The inclusion of banks raised the share of value added accounted for by affiliates classified in finance and insurance to 11 percent. (Prior to the inclusion of banking, the share of affiliate value added accounted for by finance and insurance affiliates was significantly lower; for example, in 2006, it was 6 percent.) The professional, scientific, and technical services industry, in which affiliate activity has grown considerably in recent years, was responsible for 4 percent of affiliate value added. The largest share was accounted for by computer systems design. Among "other industries," which contributed 16 percent to the total, affiliates in mining and in administration, support, and waste management had the largest shares of value added, each accounting for about 4 percent of the total.

Employment

In 2007, employment by majority-owned affiliates was 5,520,000, accounting for 4.6 percent of all private employment in the United States. Employment by majority-owned affiliates decreased 1 percent between 2002 and 2007, as reductions due to selloffs by affiliates more than offset increases due to acquisitions, which were relatively small, especially in 2002–2005.

By industry. As has been the case for several years, in 2007, the affiliate share of U.S. employment was highest in mining (15 percent) and in manufacturing (12 percent), both industries in which multinational corporations play a leading role (table 6).

Within manufacturing, the share of U.S. employment accounted for by affiliates was largest in chemicals (28 percent), nonmetallic mineral products (26 percent), and motor vehicles, bodies and trailers, and parts (24 percent). About half of affiliate employment in chemicals was in pharmaceuticals. In nonmetallic mineral products, the majority of the employees are in the cement and concrete products industry. In motor vehicles manufacturing, a majority of the employees are in auto parts manufacturing.

Outside of manufacturing, the shares of industry employment accounted for by affiliates are highest in wholesale trade and information (7 percent each). In finance, affiliates accounted for just less than 6 percent of industry employment. About one-third of affiliate employment in finance was in banking; in nonbank

Table 6. Employment by Majority-Owned U.S. Affiliates by Industry of Sales, 2002 and 2007

	Thousands of employees		Percentage of total U.S. employment in private industries ¹	
	2002	2007	2002	2007
All industries²	5,570.4	5,519.5	4.9	4.6
Agriculture, forestry, fishing, and hunting	10.3	8.7	0.7	0.7
Mining, excluding oil and gas extraction	79.8	78.7	20.6	15.4
Utilities	31.6	32.2	5.3	5.8
Construction	81.5	86.2	1.2	1.1
Manufacturing ³	1,844.1	1,718.9	11.9	12.2
Food and beverage and tobacco products	135.9	163.9	7.7	9.7
Textile mills and textile product mills	18.3	12.7	3.7	3.9
Apparel and leather and allied products	7.0	6.2	1.7	2.5
Wood products	17.9	14.4	3.1	2.8
Paper	41.7	32.1	7.7	7.0
Printing and related support activities	50.6	33.3	7.0	5.3
Petroleum and coal products ⁴	21.7	36.6	9.0	14.0
Chemicals	264.9	236.5	28.6	27.5
Plastics and rubber products	121.6	101.4	14.3	13.4
Nonmetallic mineral products	117.2	129.8	22.5	25.9
Primary metals	61.8	78.5	12.2	17.3
Fabricated metal products	103.4	89.6	6.7	5.7
Machinery	172.0	144.5	14.0	12.2
Computers and electronic products	198.1	138.3	13.2	10.8
Electrical equipment, appliances, and components	101.0	95.5	20.3	22.3
Motor vehicles, bodies and trailers, and parts	268.5	236.3	23.3	23.7
Other transportation equipment	47.2	76.6	7.0	10.7
Furniture and related products	11.5	12.7	1.9	2.4
Miscellaneous manufacturing	83.9	80.1	11.8	12.4
Wholesale trade	438.6	422.2	7.7	7.0
Retail trade	605.4	555.0	3.9	3.5
Transportation and warehousing	247.3	248.6	5.8	5.4
Information	206.4	203.2	6.1	6.7
Finance and insurance	375.7	361.2	6.4	5.9
Depository credit intermediation (banking)	145.0	123.6	7.5	6.0
Finance, except depository institutions	100.9	135.5	5.4	7.7
Insurance carriers and related activities	129.8	102.1	5.7	4.4
Real estate and rental and leasing	38.8	28.3	1.8	1.3
Professional, scientific, and technical services	215.7	332.7	3.0	4.3
Management of nonbank companies and enterprises	3.1	1.5	0.2	0.1
Administration, support, and waste management	547.9	473.4	7.2	5.6
Educational services	5.0	8.3	0.2	0.3
Health care and social assistance	103.5	93.6	0.7	0.6
Arts, entertainment, and recreation	33.6	18.0	1.8	0.9
Accommodation and food services	326.1	335.7	3.2	2.9
Other services, except government	27.8	97.1	0.4	1.4
Auxiliaries	313.6	382.7
Unspecified ⁵	34.6	33.7

1. The data on U.S. employment in private industries that were used in calculating these percentages are classified by industry of establishment. They are from table 6.4D of the "National Income and Product Account (NIPA) Tables." The total for U.S. employment in private industries is equal to employment in private industries less the employment of private households. The U.S. private-industry employment totals used to calculate the affiliate shares in "all industries" in this table differ from the U.S. employment totals used to calculate affiliate shares in table 7; the latter are from BEA's Regional Economic Information System. The estimates for table 6, unlike those used for this table, exclude U.S. residents temporarily employed abroad by U.S. businesses. They may also differ from NIPA estimates used for "all industries" in this table because of different definitions and revision schedules.

2. For consistency with the coverage of the data on U.S. employment in private industries, U.S.-affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate employment total when the percentage shares on this line were computed. Data needed to make this adjustment are not available for individual industries.

3. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates shown in this table differ from those shown in table 8. In this table, employment is classified by industry of sales, and the total for manufacturing includes some nonmanufacturing employees (see the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy by Industry"), whereas in table 8, affiliate manufacturing employment consists only of employees on the payrolls of manufacturing plants. Data on the latter basis are not available for the industries within manufacturing shown in this table. In addition, the total for manufacturing in this table includes oil and gas extraction, which is excluded from the total in table 8.

4. For both U.S. affiliates and all U.S. businesses, includes oil and gas extraction. (See note below.)

5. This line includes employment for which U.S. affiliates did not specify an industry of sales when they filled out their survey forms. Affiliates that filed the long form (that is, affiliates with assets, sales, or net income or loss greater than \$175 million) had to specify only their 10 largest sales categories, and affiliates that filed the short form had to specify only their 4 largest sales categories.

Notes. A significant portion of U.S.-affiliate employment in petroleum and coal products is accounted for by integrated petroleum companies that have, in addition to their manufacturing employees, substantial numbers of employees in petroleum extraction; because these employees cannot be identified separately, they are included in petroleum and coal products manufacturing. For consistency, employees of affiliates classified in the "oil and gas extraction without refining" industry and employees of all U.S. businesses in oil and gas extraction are also included in petroleum and coal products manufacturing rather than in mining.

finance and insurance, most of the employment by affiliates was in the securities and commodities industry and in insurance industries. In professional, scientific, and technical services, affiliates accounted for 4 percent of total U.S. employment; computer systems and related services and architectural and engineering services were the most prominent. In other services-oriented industries—such as educational services, health care, and arts, entertainment, and recreation—the shares of U.S. employment accounted for by affiliates was less than 1 percent.

Between 2002 and 2007, employment by affiliates in manufacturing fell by 125,200, and that in nonmanufacturing industries increased by 74,300. The decline in manufacturing was especially large in computers and electronic products and motor vehicles manufacturing. In both industries, the decreases were largely accounted for by affiliates that sold off parts of their operations to domestic businesses.

Despite the overall decrease in affiliate manufacturing employment, there were substantial increases in affiliate employment in several manufacturing industries, including other transportation equipment, food and beverages and tobacco, primary metals, and petroleum and coal products. In the other transportation equipment industry, the increase in employment was due to growth by affiliates in aerospace manufacturing. In food manufacturing, the increase was largely due to acquisitions by foreign investors. In primary metals, the increase was largely due to acquisitions by foreign direct investors in the iron and steel industry. In petroleum and coal products, the increase was largely due to both acquisitions and growth at existing affiliates in the petroleum industry.

The increase in affiliate employment in nonmanufacturing industries was more than accounted for by the increase by affiliates in professional, scientific, and technical services of 117,000 employees. The increase was largely due to the growth of affiliates in computer systems design and also reflected the expansion of affiliates providing accounting services.

By state. Majority-owned U.S. affiliates in Delaware had the largest share—7.3 percent—of private employment in 2007 (table 7). Most of the employment of affiliates in Delaware was by European-owned affiliates, especially British-owned affiliates. The second-largest share—6.9 percent—was accounted for by affiliates in South Carolina, especially French-owned and German-owned affiliates. Affiliates' shares of employment were also notably high in Connecticut, New Hampshire, and New Jersey. In all of these states, European-owned businesses accounted for a majority of the employment by affiliates.

In most states, affiliates with European UBOs

Table 7. Employment by Majority-Owned U.S. Affiliates by State, 2002 and 2007

	Thousands of employees		Percentage of total employment in the state or area ¹	
	2002	2007	2002	2007
Total ²	5,570.4	5,519.5	5.0	4.7
New England	M	377.9	(D)	6.1
Connecticut	M	99.0	(D)	6.6
Maine	31.7	27.7	6.2	5.3
Massachusetts	M	178.4	(D)	6.0
New Hampshire	K	37.5	(D)	6.6
Rhode Island	K	25.5	(D)	5.9
Vermont	11.1	9.8	(D)	3.7
Mideast	M	1,070.4	(D)	5.6
Delaware	23.6	27.8	6.5	7.3
District of Columbia	17.5	16.0	(D)	3.3
Maryland	M	106.1	(D)	4.9
New Jersey	230.1	225.3	6.7	6.5
New York	440.8	433.6	6.2	5.8
Pennsylvania	M	261.5	(D)	5.0
Great Lakes	M	873.9	(D)	4.6
Illinois	281.5	268.1	5.4	5.1
Indiana	133.3	144.1	5.2	5.5
Michigan	M	150.4	(D)	4.1
Ohio	214.2	229.5	4.5	4.8
Wisconsin	107.1	81.8	4.4	3.3
Plains	284.8	309.8	(D)	3.5
Iowa	36.6	43.5	3.0	3.3
Kansas	34.9	52.8	3.1	4.6
Minnesota	88.1	94.3	3.8	3.9
Missouri	91.5	81.2	3.9	3.4
Nebraska	18.7	23.7	2.4	2.9
North Dakota	7.4	7.8	(D)	2.7
South Dakota	7.6	6.4	2.4	1.9
Southeast	M	1,346.3	(D)	4.7
Alabama	75.1	80.5	4.8	4.8
Arkansas	35.7	34.5	3.6	3.4
Florida	258.3	245.8	4.0	3.4
Georgia	191.4	177.0	5.7	5.0
Kentucky	88.4	90.0	5.9	5.7
Louisiana	50.5	52.4	3.2	3.3
Mississippi	25.8	24.5	2.8	2.6
North Carolina	M	211.7	(D)	6.0
South Carolina	133.1	112.8	8.7	6.9
Tennessee	130.7	139.0	5.6	5.7
Virginia	142.2	157.0	4.9	5.0
West Virginia	22.7	21.1	4.0	3.5
Southwest	457.5	539.5	3.9	4.1
Arizona	57.6	72.3	3.0	3.1
New Mexico	13.0	16.1	2.2	2.4
Oklahoma	33.9	32.6	2.8	2.6
Texas	353.0	418.5	4.4	4.7
Rocky Mountain	136.9	149.7	(D)	3.5
Colorado	77.7	81.2	4.1	4.0
Idaho	12.5	13.7	2.6	2.4
Montana	5.9	7.7	1.8	2.1
Utah	32.3	36.6	3.5	3.4
Wyoming	8.5	10.5	(D)	4.6
Far West	M	816.8	(D)	4.2
Alaska	12.6	11.7	5.7	4.8
California	635.3	605.6	5.0	4.6
Hawaii	K	30.8	(D)	5.9
Nevada	25.9	34.3	2.7	2.9
Oregon	51.3	44.3	3.8	2.9
Washington	84.7	90.1	3.8	3.6
Puerto Rico	19.8	21.9	n.a.	n.a.
Other U.S. areas ³	10.2	13.1	n.a.	n.a.
Foreign ⁴	0.3	0.2	n.a.	n.a.

D Suppressed to avoid disclosure of data of individual companies.

n.a. Not available

1. The data on employment in private industries used to calculate the shares shown in this table are from BEA's Regional Economic Information System. The totals are equal to employment in private industries less employment of private households. The U.S. employment totals used to calculate affiliate shares in this table differ from those used for tables 1, 2 and 6, which are from tables 6.4D of the "National Income and Product Accounts (NIPA) Tables." They differ from the NIPA estimates of employment because by definition, they exclude U.S. residents temporarily employed abroad by U.S. businesses. They also may differ from the NIPA estimates because of different definitions and revision schedules.

2. For consistency with the coverage of the private-industry employment data, U.S.-affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate employment total when the percentage shares on this line were computed.

3. Consists of the U.S. Virgin Islands, Guam, American Samoa, and all other outlying U.S. areas.

4. Consists of employees of U.S. affiliates working abroad.

NOTE: The following ranges are given in employment cells that are suppressed. The size ranges are: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

accounted for the largest shares of affiliate employment. However, Japanese investors were especially prominent in Hawaii, where they accounted for over one-half of affiliate employment and were particularly active in the hospitality industry. Japanese-owned affiliates also accounted for substantial shares of affiliate employment in Kentucky and Tennessee, where they were active in transportation equipment manufacturing. Canadian investors were especially prominent in several states, including Kansas, South Dakota, and Nevada.

While overall employment by affiliates changed little between 2002 and 2007, employment by affiliates grew substantially in several states, notably Kansas, Ohio, and Virginia. In Kansas, where affiliate employment grew more than 50 percent between 2002 and 2007, the growth was mainly due to the entry of new affiliates in transportation equipment manufacturing and in information. As a result, affiliates' share of employment in the state rose from 3.1 percent to 4.6 percent. In Ohio, the entry of new affiliates in transportation and warehousing and in manufacturing, especially paper mills and iron manufacturing, accounted for a large share of the growth. In Virginia, the expansion of several affiliates in wholesale trade, transportation and warehousing, and manufacturing as well as the entry of affiliates in finance accounted for much of the growth in employment.

Employment by affiliates declined substantially in Wisconsin. The decline was due both to selloffs of foreign-owned businesses to domestic owners and to reductions in employment by existing affiliates. Employment by affiliates also declined substantially in Hawaii, which had the largest share of employment accounted for by affiliates in 1988–2001. The decline in employment by affiliates in Hawaii was largely due to selloffs of affiliates to domestically owned companies.

Affiliates accounted for the largest shares of total manufacturing employment in the District of Columbia (24.7 percent), South Carolina (21.6 percent), and Delaware (19.6 percent) (table 8). The high share of manufacturing employment by affiliates in the District of Columbia partly reflects a very small level of overall activity in manufacturing in the District. In South Carolina, manufacturing employment is largely at firms owned by European investors, especially from Germany and France, with Japanese investors also accounting for a substantial share. In Delaware, Canadian and British investors accounted for much of the manufacturing employment. By region, affiliates account for the largest share of manufacturing employment in the Southeast.

Manufacturing employment by affiliates decreased

Table 8. Manufacturing Employment by Majority-Owned U.S. Affiliates by State, 2002 and 2007

	Thousands of employees		Percentage of total manufacturing employment in the state or area ¹	
	2002	2007	2002	2007
Total ²	1,811.9	1,545.7	11.8	11.0
New England	105.7	79.7	12.8	11.1
Connecticut.....	29.4	24.3	13.8	12.6
Maine.....	9.6	5.7	13.9	9.5
Massachusetts.....	42.5	30.4	12.1	10.2
New Hampshire.....	17.6	14.8	20.6	18.9
Rhode Island.....	4.1	2.2	6.5	4.2
Vermont.....	2.5	2.3	6.2	6.5
Mideast	248.6	200.4	(D)	11.8
Delaware.....	8.1	6.5	21.9	19.6
District of Columbia.....	0.7	0.4	(D)	24.7
Maryland.....	16.2	18.4	10.2	13.9
New Jersey.....	67.2	46.9	18.2	14.9
New York.....	67.2	54.1	10.2	9.7
Pennsylvania.....	89.3	74.1	11.7	11.2
Great Lakes	433.7	331.9	12.3	10.6
Illinois.....	88.8	67.1	11.7	9.9
Indiana.....	87.1	82.4	14.7	14.9
Michigan.....	93.6	55.9	12.3	8.9
Ohio.....	109.2	94.4	12.3	12.2
Wisconsin.....	55.0	32.0	10.4	6.3
Plains	120.4	119.2	9.5	9.6
Iowa.....	20.2	22.1	8.8	9.5
Kansas.....	15.1	25.4	8.3	13.6
Minnesota.....	26.2	26.5	7.3	7.7
Missouri.....	42.4	29.4	13.0	9.7
Nebraska.....	7.8	11.3	7.3	11.0
North Dakota.....	4.0	2.3	16.5	8.7
South Dakota.....	4.7	2.2	12.1	5.3
Southeast	533.7	461.9	14.0	13.5
Alabama.....	37.0	40.6	11.9	13.6
Arkansas.....	20.3	19.4	9.4	10.2
Florida.....	41.5	34.6	10.1	8.7
Georgia.....	68.8	51.3	14.4	11.8
Kentucky.....	53.9	48.1	19.4	18.7
Louisiana.....	16.9	14.7	10.4	9.3
Mississippi.....	12.7	10.1	6.7	5.9
North Carolina.....	93.4	74.6	14.4	13.7
South Carolina.....	70.8	54.4	24.2	21.6
Tennessee.....	67.6	68.0	15.7	17.8
Virginia.....	37.9	35.7	11.7	12.7
West Virginia.....	12.9	10.5	18.6	17.6
Southwest	136.9	M	10.3	(D)
Arizona.....	13.0	11.2	7.0	6.1
New Mexico.....	1.8	2.1	4.7	5.6
Oklahoma.....	14.5	J	9.5	(D)
Texas.....	107.6	104.4	11.3	11.1
Rocky Mountain	36.7	36.1	(D)	9.7
Colorado.....	19.9	17.8	11.9	12.0
Idaho.....	3.7	3.7	5.7	5.6
Montana.....	2.0	1.3	9.7	6.4
Utah.....	9.7	11.3	8.5	8.8
Wyoming.....	1.4	1.9	(D)	18.4
Far West	187.2	177.1	8.5	8.6
Alaska.....	2.1	2.2	18.6	16.4
California.....	146.2	132.9	8.9	9.0
Hawaii.....	1.0	1.6	6.4	10.3
Nevada.....	4.7	5.9	10.9	11.6
Oregon.....	12.7	11.7	6.2	5.7
Washington.....	20.5	22.9	7.1	7.7
Puerto Rico.....	8.5	8.4	n.a.	n.a.
Other U.S. areas ³	0.5	G	n.a.	n.a.
Foreign ⁴	(*)	(*)	n.a.	n.a.

* More than zero and fewer than 50 employees.

D Suppressed to avoid disclosure of data of individual companies.

n.a. Not available

1. The data on employment in manufacturing used to calculate the shares shown in this table are from BEA's Regional Economic Information System. The U.S. manufacturing employment totals used to calculate shares in this table differ from the NIPA data for manufacturing used for table 6 (see footnote 1 to table 6).

2. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates in this table differ from those shown in table 6 (see footnote 3 to table 6). For consistency with the coverage of the employment data for all U.S. manufacturing plants, U.S. affiliate employment in Puerto Rico, in "other U.S. areas," and in "foreign" was excluded from the U.S.-affiliate total when the percentage shares on this line were computed.

3. Consists of the U.S. Virgin Islands, Guam, American Samoa, and all other outlying U.S. areas.

4. Consists of employees of U.S. affiliates working abroad.

NOTE: The following ranges are given in employment cells that are suppressed. The size ranges are: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

substantially between 2002 and 2007 in several states, notably Michigan, Wisconsin, and Illinois. In Michigan, the decline was due to selloffs by affiliates in motor vehicles and household appliance manufacturing. These changes reduced affiliates' share of manufacturing employment in the state from 12.3 percent to 8.9 percent. In Wisconsin, the decrease was due to the sell-off of affiliates in the paper manufacturing, in transportation equipment manufacturing, and in fabricated

metal product manufacturing industries, reducing affiliates' share of manufacturing employment from 10.4 percent to 6.3 percent. In Illinois, reductions by affiliates in transportation equipment manufacturing also accounted for much of the decrease; reductions by affiliates in the printing industry were also significant. These changes lowered affiliates' share of manufacturing employment in Illinois from 11.7 percent to 9.9 percent.

Data on Foreign Direct Investment in the United States

BEA collects three broad sets of data on foreign direct investment in the United States: (1) financial and operating data of U.S. affiliates, (2) data on U.S. businesses newly acquired or established by foreign direct investors (new investment data), and (3) international transactions (balance of payments) and direct investment position data. This article presents the financial and operating data. The new investment data were published in "Foreign Direct Investment in the United States: New Investment in 2008" in the June 2009 issue of the SURVEY OF CURRENT BUSINESS. The international transactions and direct investment position data were published in the articles "The International Investment Position of the United States at Yearend 2008" and "Direct Investment Positions for 2008: Country and Industry Detail" in the July 2009 SURVEY, and "U.S. International Transactions: Second Quarter of 2009" in the October 2009 SURVEY.

Each of the three data sets focuses on a distinct aspect of foreign direct investment. The financial and operating data provide a picture of the overall activities of the U.S. affiliates; the new investment data provide information about U.S. businesses that are newly acquired or established by foreign direct investors, regardless of whether the invested funds were raised in the United States or abroad; and the international transactions and direct investment position data cover foreign investors' transactions with, and positions in, both new and existing U.S. affiliates.¹

Financial and operating data of U.S. affiliates. The data on the overall operations of U.S. affiliates are collected in BEA's annual and benchmark surveys of foreign direct investment. Benchmark surveys are BEA's most comprehensive surveys of foreign direct investment in terms of both coverage of companies and subject matter and are conducted every 5 years. The data cover U.S.

affiliates' balance sheets and income statements, employment and compensation of employees, trade in goods, research and development expenditures, sources of finance, and selected data by state. In addition, the value added of affiliates is estimated from data reported in these surveys.

Except in benchmark survey years, these data, unlike the new investment data, covered only nonbank affiliates. However, beginning with the annual survey for 2008, bank affiliates will also be covered in these data. The financial and operating data for affiliates are on a fiscal year basis. The data cover the entire operations of the U.S. affiliate regardless of the percentage of foreign ownership.

New investment data. The data on outlays by foreign direct investors to acquire or establish affiliates in the United States were collected on a calendar year basis in BEA's annual survey of new foreign direct investment. In addition, the surveys of new investment collected selected data on the operations of the newly acquired or established affiliates. For newly acquired affiliates, these data were for (or as of the end of) the most recent fiscal year preceding the acquisition, and for newly established businesses, they were projected for (or as of the end of) the first year of operation. The data covered the entire operations of the business irrespective of the percentage of foreign ownership. BEA eliminated the survey of new foreign direct investment in the United States after 2008, so this data set ends with that year. BEA currently is redesigning the survey of new foreign investments to better capture greenfield investment; the launch of this new survey is contingent on funding.

International transactions and direct investment position data. These data are collected in the quarterly surveys of foreign direct investment. The data cover the U.S. affiliate's transactions and positions with its foreign parent and with other members of its foreign parent group, so these data focus on the foreign parent's share, or interest, in the affiliate rather than on the affiliate's overall size or level of operations. The major items included in the U.S. international transactions (balance of payments) accounts are direct investment financial flows, and direct investment income.

1. For a more detailed discussion of the differences between these three sets of data, see Alicia M. Quijano, "A Guide to BEA Statistics on Foreign Direct Investment in the United States," SURVEY 70 (February 1990): 29–37.

For a comparison of the data on affiliate operations with the data on new investment, see the appendix "Sources of Data" in Mahnaz Fahim-Nader and William J. Zeile, "Foreign Direct Investment in the United States: New Investment in 1994 and Affiliate Operations in 1993," SURVEY 75 (May 1995): 68–70.

Expanded Information From the Benchmark Survey

The 2007 benchmark survey of foreign direct investment in the United States provides information on U.S. affiliate research and development (R&D), employment, and trade in goods that is collected only in benchmark surveys every 5 years. The data on affiliate R&D include expenditures broken down by source of funding—that is, according to whether the R&D is funded by the U.S. affiliates, by member firms of the affiliates' foreign parent groups, by the federal government, or by others. The data on affiliate employment include the number of employees that are covered by collective bargaining agreements (and thus are represented by unions). The data on trade in goods include exports and imports by country of destination or origin; they also include imports of goods by intended use—that is, whether the goods are intended for further manufacture, for resale without further manufacture, or as additions to the affiliates' capital stock.

Research and development

In 2007, expenditures for R&D performed by majority-owned U.S. affiliates totaled \$39.8 billion; these expenditures accounted for 15 percent of the R&D performed by all U.S. businesses, a share substantially higher than the affiliate shares of value added or employment (table 9). In contrast to the slight decrease in affiliate employment between the benchmark survey years 2002 and 2007, the R&D of affiliates increased 45

percent, compared with a 39 percent increase in R&D of all U.S. businesses. Part of the increase was a result of acquisitions of R&D-performing companies by existing U.S. affiliates.

About three-fourths of the R&D performed by affiliates was accounted for by affiliates in manufacturing, mainly in the chemicals, transportation equipment, and computer and electronic products industries (table 10). Most of the remaining R&D was performed by affiliates in wholesale trade, particularly affiliates with substantial secondary operations in manufacturing, information, or professional, scientific, and technical services.

In 2007, 84 percent of the total R&D performed by

Table 9. Research and Development Performed by Majority-Owned U.S. Affiliates and by All U.S. Businesses, 1997–2007

	Millions of dollars		R&D by affiliates as a percentage of R&D by all U.S. businesses
	R&D performed by affiliates ¹	R&D performed by all U.S. businesses ²	
1997	17,216	157,739	10.9
1998	22,375	169,180	13.2
1999	24,027	182,711	13.2
2000	26,180	199,539	13.1
2001	26,463	198,505	13.3
2002	27,507	193,868	14.2
2003	29,803	200,724	14.8
2004	30,083	208,301	14.4
2005	31,099	226,159	13.8
2006	34,625	247,669	14.0
2007	39,806	269,267	14.8

R&D Research and Development

1. For the years 1997–2006, data on U.S. affiliate R&D were collected for nonbank affiliates only. Because bank affiliates do not perform R&D, the data on R&D performed by affiliates in 1997–2006 are comparable with the data on R&D performed by affiliates in 2007.

2. Data are from the National Science Foundation.

Reduction in Data Available for U.S. Affiliates

In order to align its programs with the available resources, BEA has reduced the detail and modified the reporting criteria on the annual survey of the operations of U.S. affiliates of foreign multinational companies. Effective with the data year 2008, some data items have been dropped from the survey, reporting thresholds have been raised, and statistical sampling has been expanded.

In conjunction with these changes, the level of detail in BEA's standard presentations of data by industry of affiliate and by country of UBO is being reduced to ensure that the published statistics continue to meet standards for statistical quality. The new presentations by industry and country take effect with the published tables for the benchmark survey year 2007 (see tables 19.2 and 20.2).

Although future statistics on U.S. affiliates will be less detailed than before, key data series will be maintained, including those on employment, value added, trade in goods, R&D expenditures, and services supplied by affiliates.

Table 10. Research and Development Performed by Majority-Owned U.S. Affiliates, Industry of Affiliate by Source of Funding, 2007

	Millions of dollars				Percentage of industry total			Addendum: R&D funded by affiliates but performed by others
	Total	For themselves	For the foreign parent group	For others ¹	For themselves	For the foreign parent group	For others ¹	
All industries	39,806	33,505	2,109	4,192	84.2	5.3	10.5	1,068
Manufacturing	30,640	26,252	(D)	(D)	85.7	(D)	(D)	874
Chemicals	16,260	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Of which:								
Pharmaceuticals and medicines	14,859	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Machinery	1,929	(D)	1	(D)	(D)	(*)	(D)	4
Computers and electronic products	3,857	(D)	1	(D)	(D)	(*)	(D)	(D)
Transportation equipment	5,497	2,606	78	2,814	47.4	1.4	51.2	231
Other	3,097	(D)	11	(D)	(D)	0.3	(D)	6
Wholesale trade	5,623	(D)	947	(D)	(D)	16.8	(D)	(D)
Information	1,186	1,186	0	0	100.0	0.0	0.0	1
Professional, scientific, and technical services	1,780	(D)	(D)	(*)	(D)	(D)	(*)	(D)
Other industries	577	(D)	(D)	4	(D)	(D)	0.8	3

* Less than \$500,000 or less than 0.05 percent.

D Suppressed to avoid disclosure of data of individual companies.

R&D Research and Development

1. Includes R&D performed for the Federal Government, for foreign affiliates of the U.S. affiliate, and for other private companies under contract.

U.S. affiliates was performed for the affiliates themselves, and 5 percent was performed for the affiliates' foreign parent companies or other member companies of their foreign parent groups (see the box "Key Terms"). The remaining 11 percent was performed for the affiliates' foreign affiliates, for other private companies, or for the federal government.⁹ The 84 percent share of affiliate R&D performed for the affiliates themselves was smaller than the share in 2002 (90 percent), partly because of an expansion in affiliate R&D performed for the federal government.

For affiliates in the information sector and in most manufacturing industries, more than 90 percent of the R&D was performed for internal use by the affiliates. In contrast, R&D for internal use accounted for less than 50 percent of the R&D performed by affiliates in transportation equipment, an industry that includes defense-related firms that performed R&D for the federal government.

R&D undertaken for the foreign parent group accounted for a substantial share of the R&D performed by affiliates classified in wholesale trade (17 percent), and also substantial for a number of affiliates in the pharmaceutical manufacturing industry.

Union-represented employment

In 2007, 12 percent of the employees of majority-owned U.S. affiliates were covered by collective bargaining agreements (table 11). In comparison, the union-represented share of employment by all U.S. businesses was 8 percent. For both U.S. affiliates and all U.S. businesses, the union-represented share of em-

ployment in 2007 was lower than it had been in the benchmark survey years 1997 or 2002, with the share for all U.S. businesses continuing a sustained downward trend.

U.S. affiliates accounted for 7.7 percent of the union-represented employment of all U.S. businesses in 2007, a share slightly smaller than the 8.2 percent share in 2002 but higher than the share in 1997 and well above the 4.6 percent affiliate share of total U.S. employment in total industries. The affiliate share of union-represented employment declined in 2002–2007 despite a 7 percent drop in the total number of union-represented employees in the United States, from 9.5 million employees in 2002 to 8.9 million employees in 2007. The union-represented employment of affiliates decreased at a faster pace of 12 percent, from 778,000 in 2002 to 685,000 in 2007, largely as a result of selloffs by affiliates of business units with large numbers of union-represented employees.

By industrial sector, affiliates in manufacturing accounted for about half of the union-represented employment of all U.S. affiliates in 2007 (table 12). The union-represented share of employment for affiliates in manufacturing was 17 percent, substantially higher

Table 11. Union-Represented Employment of Majority-Owned U.S. Affiliates and of All U.S. Businesses, 1997, 2002, and 2007

	Employees represented by unions (thousands)			Union-represented employment as a percentage of total employment		
	1997	2002	2007	1997	2002	2007
Majority-owned affiliates	600	778	685	13.7	14.0	12.4
All U.S. businesses ¹	10,255	9,535	8,870	10.6	9.3	8.2
Addendum:						
Union-represented employment of affiliates as a percentage of that of all U.S. businesses	5.8	8.2	7.7

1. Estimates by the Bureau of Labor Statistics based on household survey data.

9. The benchmark survey collected separate breakdowns of U.S. affiliate R&D performed for the federal government, for foreign affiliates owned by the U.S. affiliate, and for others under contract. Because the data totals for affiliate R&D performed for the federal government and for foreign affiliates are each dominated by a very small number of affiliates, they cannot be shown separately without disclosing information on individual companies.

Table 12. Union-Represented Employment of Majority-Owned U.S. Affiliates by Industry of Affiliate, 2002 and 2007

	Thousands				Union-represented employment as a percentage of total employment		Addendum: Union-represented employment of all U.S. businesses as a percentage of their total employment	
	Union-represented employment		Total employment		2002	2007	2002	2007
	2002	2007	2002	2007				
All industries	777.9	685.2	5,570.4	5,519.5	14.0	12.4	9.3	8.2
Manufacturing	398.8	341.2	2,236.4	1,998.2	17.8	17.1	15.4	12.0
<i>Of which:</i>								
Transportation equipment	114.5	80.3	386.8	408.3	29.6	19.7	n.a.	n.a.
Wholesale trade	24.9	31.9	517.9	620.3	4.8	5.1	5.3	5.7
Retail trade	158.3	96.5	581.8	534.5	27.2	18.1	6.5	5.7
Transportation and warehousing	74.4	47.2	260.8	243.4	28.5	19.4	25.8	22.3
Administration, support, and waste management	13.0	50.4	517.1	536.5	2.5	9.4	5.1	4.2
Accommodation and food services	48.0	51.3	329.0	361.8	14.6	14.2	2.8	2.4
Other industries	60.5	66.7	1,127.4	1,224.7	5.4	5.4	8.5	8.0

n.a. Not available

NOTE: The industries listed in this table include all of the industrial sectors for which the number of affiliate employees covered by collective bargaining agreements exceeded 30,000 in 2007.

than the union-represented share for all U.S. manufacturing businesses (12 percent). Among other sectors, the union-represented share of employment for affiliates was much higher than that for all U.S. businesses in retail trade (18 percent versus 6 percent) and in accommodation and food services (14 percent versus 2 percent), partly reflecting a tendency for foreign direct investment to be concentrated in large-scale enterprises (such as grocery store chains or large food catering companies) that generally have higher rates of unionization than small businesses.

Between 2002 and 2007, the union-represented share of affiliate employment declined substantially in retail trade (from 27 percent to 18 percent) and in transportation and warehousing (from 29 percent to 19 percent), mainly as a result of selloffs of foreign ownership interests in companies with large numbers of union-represented employees. Within manufacturing, the union-represented share of affiliate employment in transportation equipment dropped from 30 percent to 20 percent, also as a result of selloffs.

Trade in goods

In 2007, U.S. affiliates accounted for 19 percent of U.S. exports of goods and for 27 percent of imports of goods (table 13). These shares are much larger than the affiliate shares of either value added or employment, reflecting both the general international orientation of

foreign-owned companies and their production and distribution ties to their foreign parents. Much of the trade in goods by affiliates—nearly 50 percent of exports and about 80 percent of imports—is accounted for by intrafirm transactions between the affiliates and their foreign parents or other member companies of their foreign parent groups (see the box “Key Terms”).

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Table 13. U.S. Trade in Goods by Majority-Owned U.S. Affiliates, 1987–2007

	Millions of dollars				U.S. exports of goods shipped by affiliates as a percentage of total U.S. exports of goods		U.S. imports of goods shipped to affiliates as a percentage of total U.S. imports of goods	
	U.S. exports of goods shipped by affiliates		U.S. imports of goods shipped to affiliates		Total	Of which: To the foreign parent group	Total	Of which: From the foreign parent group
	Total	Of which: To the foreign parent group	Total	Of which: From the foreign parent group				
1987	39,497	18,677	133,620	102,167	15.5	7.3	32.9	25.1
1988	57,209	26,001	144,896	112,012	17.7	8.1	32.9	25.4
1989	72,413	33,778	158,792	122,899	19.9	9.3	33.6	26.0
1990	79,368	37,177	170,677	131,665	20.2	9.4	34.5	26.6
1991	85,254	41,373	169,362	128,143	20.2	9.8	34.7	26.2
1992	91,686	47,567	172,260	132,217	20.5	10.6	32.3	24.8
1993	94,329	46,241	186,369	144,698	20.3	9.9	32.1	24.9
1994	107,057	49,864	214,485	166,085	20.9	9.7	32.3	25.0
1995	121,277	55,842	232,250	182,148	20.7	9.5	31.2	24.5
1996	125,897	59,544	248,562	187,889	20.1	9.5	31.3	23.6
1997	128,394	61,288	249,310	193,969	18.6	8.9	28.6	22.3
1998	136,949	56,115	277,909	199,524	20.1	8.2	30.5	21.9
1999	140,808	58,385	312,895	225,132	20.2	8.4	30.5	22.0
2000	150,911	64,785	354,613	267,187	19.3	8.3	29.1	21.9
2001	145,525	64,442	333,855	260,633	20.0	8.8	29.3	22.8
2002	140,510	64,572	335,021	267,291	20.3	9.3	28.8	23.0
2003	147,643	71,188	356,756	290,492	20.4	9.8	28.4	23.1
2004	155,507	74,784	394,463	320,268	19.0	9.1	26.8	21.8
2005	174,318	80,815	448,911	359,059	19.2	8.9	26.8	21.5
2006 ^r	198,003	89,232	502,589	399,954	19.1	8.6	27.1	21.6
2007 ^p	215,554	106,088	533,430	426,813	18.5	9.1	27.3	21.8

^p Preliminary

^r Revised

NOTE: The data on U.S. exports and imports of goods used to compute the affiliate shares in this table are from the U.S. Census Bureau, and are on a Census basis.

The intrafirm trade of U.S. affiliates has generally accounted for 8–10 percent of U.S. exports and for 20–25 percent of U.S. imports.¹⁰

Since the early 1990s, imports by U.S. affiliates have usually been at least twice as high as their exports, and the gap in earlier years was even larger. This trade gap for affiliates is substantially more pronounced than the

gap between total U.S. imports and exports. The gap for affiliates is largely accounted for by wholesale trade affiliates, many of which were established to facilitate the import of goods manufactured abroad by their foreign parents. Since the late 1980s, the imports of wholesale trade affiliates have been 2 to 4 times as large as their exports, and these affiliates have consistently accounted for more than two-thirds of the total import-export gap for U.S. affiliates.¹¹ Most of the remaining gap is accounted for by manufacturing

10. A portion of the remaining trade is intrafirm trade of U.S. multinational companies (MNCs), that is, trade between U.S. parent companies and their majority-owned foreign affiliates. Together, the intrafirm trade of foreign-owned U.S. affiliates and the intrafirm trade of U.S. MNCs accounted for 27 percent of U.S. exports and for 35 percent of U.S. imports in 2007.

For further information and analysis on intrafirm trade see William J. Zeile, "Trade in Goods Within Multinational Companies: Survey-Based Data and Findings for the United States of America" (paper prepared for the Organisation for Economic Co-operation and Development Committee on Industry and Business Environment Working Party on Statistics, Session on Globalisation, Paris, November 3–4, 2003); www.bea.gov/papers/index.htm.

11. Although wholesale trade affiliates have consistently accounted for a dominant share of the affiliate import-export gap, their shares of both affiliate exports and imports have declined since the late 1980's. Their share of affiliate exports declined to 37 percent in 2007 from 66 percent in 1987, and their share of affiliate imports declined to 59 percent in 2007 from 78 percent in 1987. One reason for this change is the reorientation of some wholesale trade affiliates from the import of manufactured goods for sale in the United States to the manufacture of goods at U.S. facilities.

Table 14. Total U.S. Trade in Goods and Trade in Goods by Majority-Owned U.S. Affiliates by Country of Destination and Origin, 1997, 2002, and 2007—Continues

	Exports by country of destination														
	Millions of dollars									Percentage of total U.S. exports accounted for by:					
	Total ¹			Exports by majority-owned U.S. affiliates						Total exports by affiliates			Intrafirm exports by affiliates		
				Total			Of which: Intrafirm exports ²								
	1997	2002	2007	1997	2002	2007	1997	2002	2007	1997	2002	2007	1997	2002	2007
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
All countries	689,182	693,103	1,162,479	128,394	140,510	215,554	61,288	64,572	106,088	18.6	20.3	18.5	8.9	9.3	9.1
Canada	151,767	160,923	248,888	21,047	26,818	29,689	8,696	8,921	13,470	13.9	16.7	11.9	5.7	5.5	5.4
Europe	163,273	163,625	286,401	28,018	34,461	56,157	13,451	20,771	40,494	17.2	21.1	19.6	8.2	12.7	14.1
Belgium	13,420	13,326	25,290	(D)	1,445	2,160	(D)	875	1,318	A	10.8	8.5	A	6.6	5.2
France	15,965	19,016	27,413	2,851	3,241	5,247	1,589	2,293	4,702	17.9	17.0	19.1	10.0	12.1	17.2
Germany	24,458	26,630	49,651	5,881	9,219	14,090	3,446	6,976	12,731	24.0	34.6	28.4	14.1	26.2	25.6
Ireland	4,642	6,745	9,009	(D)	532	593	(D)	231	172	A	7.9	6.6	A	3.4	1.9
Italy	8,995	10,057	14,150	2,058	1,755	3,704	786	1,342	3,292	22.9	17.5	26.2	8.7	13.3	23.3
Netherlands	19,827	18,311	32,963	3,025	4,714	3,083	855	2,089	2,312	15.3	25.7	9.4	4.3	11.4	7.0
Russia	3,365	2,397	7,365	128	122	694	38	63	441	3.8	5.1	9.4	1.1	2.6	6.0
Spain	5,539	5,298	9,862	694	803	1,316	149	267	951	12.5	15.2	13.3	2.7	5.0	9.6
Switzerland	8,307	7,783	17,039	2,012	3,559	6,589	1,238	1,756	4,357	24.2	45.7	38.7	14.9	22.6	25.6
United Kingdom	36,425	33,204	50,229	5,881	5,653	12,666	2,821	3,257	6,018	16.1	17.0	25.2	7.7	9.8	12.0
Other	22,330	20,858	43,431	(D)	3,418	6,016	(D)	1,622	4,200	A	16.4	13.9	A	7.8	9.7
Latin America and Other															
Western Hemisphere	134,416	149,053	243,564	15,323	20,262	28,617	4,922	5,992	10,037	11.4	13.6	11.7	3.7	4.0	4.1
Brazil	15,915	12,376	24,626	3,838	3,188	2,873	1,677	1,725	1,267	24.1	25.8	11.7	10.5	13.9	5.1
Mexico	71,388	97,470	136,092	6,520	14,004	16,961	1,759	3,500	4,815	9.1	14.4	12.5	2.5	3.6	3.5
Venezuela	6,602	4,430	10,201	603	276	790	148	76	314	9.1	6.2	7.7	2.2	1.7	3.1
Other	40,511	34,777	72,645	4,362	2,794	7,993	1,338	691	3,642	10.8	8.0	11.0	3.3	2.0	5.0
Africa	11,390	10,663	23,655	1,257	613	1,329	285	273	922	11.0	5.7	5.6	2.5	2.6	3.9
Nigeria	813	1,058	2,778	(D)	12	126	(D)	1	22	B	1.1	4.5	A	0.1	0.8
Other	10,577	9,605	20,877	(D)	601	1,203	(D)	272	901	A	6.3	5.8	A	2.8	4.3
Middle East	20,928	18,930	46,319	1,281	1,148	2,331	369	379	1,510	6.1	6.1	5.0	1.8	2.0	3.3
Israel	5,995	7,027	13,019	364	228	383	103	65	198	6.1	3.2	2.9	1.7	0.9	1.5
Saudi Arabia	8,438	4,781	10,396	649	485	360	172	187	210	7.7	10.1	3.5	2.0	3.9	2.0
Other	6,495	7,122	22,904	268	435	1,589	94	127	1,102	4.1	6.1	6.9	1.4	1.8	4.8
Asia and Pacific	207,069	189,748	313,209	53,240	44,048	49,990	32,946	27,329	33,092	25.7	23.2	16.0	15.9	14.4	10.6
Australia	12,063	13,085	19,212	1,462	1,584	1,833	735	944	1,075	12.1	12.1	9.5	6.1	7.2	5.6
China	12,862	22,128	65,236	3,043	3,096	5,766	1,348	929	2,004	23.7	14.0	8.8	10.5	4.2	3.1
Hong Kong	15,117	12,594	20,118	1,746	1,327	1,954	727	618	1,268	11.5	10.5	9.7	4.8	4.9	6.3
India	3,608	4,101	17,589	753	343	798	146	56	170	20.9	8.4	4.5	4.0	1.4	1.0
Japan	65,549	51,449	62,704	31,932	24,036	24,290	24,062	19,210	20,670	48.7	46.7	38.7	36.7	37.3	33.0
Korea, Republic of	25,046	22,576	34,645	6,868	5,942	7,551	3,213	2,902	3,399	27.4	26.3	21.8	12.8	12.9	9.8
Malaysia	10,780	10,344	11,680	445	1,012	663	146	373	337	4.1	9.8	5.7	1.4	3.6	2.9
Singapore	17,696	16,218	26,284	1,885	2,576	3,952	957	1,169	2,896	10.7	15.9	15.0	5.4	7.2	11.0
Taiwan	20,366	18,382	26,309	2,931	2,396	1,463	807	581	469	14.4	13.0	5.6	4.0	3.2	1.8
Thailand	7,349	4,860	8,455	746	640	687	413	211	368	10.2	13.2	8.1	5.6	4.3	4.4
Other	16,633	14,011	20,978	1,429	1,096	1,032	392	336	435	8.6	7.8	4.9	1.0	2.4	2.1
Unallocated				8,228	13,159	47,441	619	907	6,563						

See footnotes at the end of the table.

affiliates, some of which have secondary activities in wholesale trade and some of which import parts and components produced by their foreign parents.

Trade by country of destination and origin

Among the 28 largest U.S. trading-partner countries in 2007, the shares of U.S. exports and imports of goods accounted for by U.S. affiliates varied widely. For exports, the affiliate shares ranged from just under 40 percent for U.S. exports to Switzerland and Japan to less than 4 percent for U.S. exports to Israel and Saudi Arabia (table 14). In addition to Switzerland and Japan, affiliates accounted for relatively large shares of U.S. exports to Germany (28 percent), Italy (26 percent), and the United Kingdom (25 percent).

For imports, the affiliate shares ranged from more than 90 percent for U.S. imports from Japan to less

than less than 3 percent for U.S. imports from Ireland.¹² Affiliates accounted for nearly 70 percent of U.S. imports from Korea and also accounted for majority shares of U.S. imports from Switzerland (66 percent) and Germany (56 percent). The variation in the affiliate shares of U.S. exports and imports among major trading partners was similarly large in the benchmark survey years 1997 and 2002.

12. The figure shown in table 14 for the affiliate share of U.S. imports from Japan (96 percent) may be slightly overstated because of a mismatch in timing between the import data for U.S. affiliates (which are reported on a fiscal year basis) and the data for total U.S. imports from Japan (which are for the calendar year 2007). About three-fourths of the total for U.S. affiliate imports from Japan is accounted for by Japanese-owned affiliates with a fiscal year ending in March 2007, so most of these imports probably were shipped some time in the calendar year 2006. Because total U.S. imports from Japan were 2 percent higher in 2006 than in 2007, the share of U.S. imports from Japan accounted for by imports shipped to affiliates in the calendar year 2007 is probably lower than the figure calculated.

Table 14. Total U.S. Trade in Goods and Trade in Goods by Majority-Owned U.S. Affiliates by Country of Destination and Origin, 1997, 2002, and 2007—Table Ends

	Imports by country of origin														
	Millions of dollars									Percentage of total U.S. imports accounted for by:					
	Total ¹			Imports by nonbank U.S. affiliates						Total imports by affiliates			Intrafirm imports by affiliates		
				Total			Of which: Intrafirm imports ²								
	1997	2002	2007	1997	2002	2007	1997	2002	2007	1997	2002	2007	1997	2002	2007
(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
All countries	870,671	1,161,366	1,956,962	249,310	335,021	533,430	193,969	267,291	426,813	28.6	28.8	27.3	22.3	23.0	21.8
Canada	167,234	209,088	317,057	24,723	40,285	71,089	18,581	27,016	59,370	14.8	19.3	22.4	11.1	12.9	18.7
Europe	181,441	260,813	407,483	65,405	93,510	140,867	57,476	82,127	123,187	36.0	35.9	34.6	31.7	31.5	30.2
Belgium	7,912	9,807	15,281	3,658	2,960	2,143	3,519	1,666	1,861	46.2	30.2	14.0	44.5	17.0	12.2
France	20,636	28,240	41,553	6,687	9,645	12,401	5,863	9,127	11,860	32.4	34.2	29.8	28.4	32.3	28.5
Germany	43,122	62,506	94,164	23,341	36,167	53,222	21,579	34,230	51,209	54.1	57.9	56.5	50.0	54.8	54.4
Ireland	5,867	22,388	30,445	601	715	662	478	548	323	10.2	3.2	2.2	8.1	2.4	1.1
Italy	19,408	24,220	35,028	3,122	3,783	6,284	2,367	3,191	5,519	16.1	15.6	17.9	12.2	13.2	15.8
Netherlands	7,293	9,849	18,403	2,664	6,064	7,577	2,399	5,548	6,850	36.5	61.6	41.2	32.9	56.3	37.2
Russia	4,319	6,870	19,314	(D)	730	1,149	(D)	358	596	A	10.6	5.9	A	5.2	3.1
Spain	4,806	5,733	10,498	787	794	1,884	622	515	528	17.1	13.8	17.9	13.5	9.0	5.0
Switzerland	8,405	9,382	14,760	4,904	8,986	9,819	4,331	8,120	8,318	58.3	95.8	66.5	51.5	86.5	56.4
United Kingdom	32,659	40,745	56,858	10,581	10,937	26,237	8,884	7,775	18,872	32.4	26.8	46.1	27.2	19.1	33.2
Other	27,214	41,073	71,179	(D)	12,729	19,490	(D)	11,049	17,252	B	31.0	27.4	B	26.9	24.2
Latin America and Other															
Western Hemisphere	139,644	204,145	345,531	19,821	33,564	51,798	9,498	16,104	35,317	14.2	16.4	15.0	6.8	7.9	10.2
Brazil	9,626	15,781	25,644	2,019	4,985	7,177	1,205	3,914	4,383	21.0	31.6	28.0	12.5	24.8	17.1
Mexico	85,938	134,616	210,714	10,984	17,962	18,936	5,093	7,183	9,638	12.8	13.3	9.0	5.9	5.3	4.6
Venezuela	13,477	15,094	39,910	2,526	4,269	(D)	1,643	(D)	(D)	18.7	28.3	B	12.2	B	B
Other	30,603	38,655	69,263	4,292	6,348	(D)	1,557	(D)	(D)	14.0	16.4	A	5.1	A	A
Africa	19,925	22,100	92,011	(D)	1,775	8,379	(D)	167	1,732	A	8.0	9.1	A	0.8	1.9
Nigeria	6,349	5,945	32,770	658	1,072	(D)	135	0	(D)	10.4	18.0	A	2.1	0.0	A
Other	13,575	16,155	59,241	(D)	703	(D)	167	(D)	(D)	A	4.4	A	A	1.0	A
Middle East	20,403	34,302	77,427	(D)	8,082	13,691	(D)	5,479	5,418	A	23.6	17.7	A	16.0	7.0
Israel	7,326	12,416	20,794	545	610	(D)	502	(D)	(D)	7.4	4.9	A	6.9	A	A
Saudi Arabia	9,365	13,150	35,626	(D)	(D)	(D)	(D)	(D)	(D)	A	C	B	A	B	A
Other	3,712	8,736	21,006	(D)	(D)	1,240	(D)	231	(D)	A	A	A	A	2.6	A
Asia and Pacific	341,059	430,918	717,450	130,485	147,997	206,902	106,094	134,818	190,219	38.3	34.3	28.8	31.1	31.3	26.5
Australia	4,602	6,479	8,615	635	882	2,027	423	683	1,526	13.8	13.6	23.5	9.2	10.5	17.7
China	62,558	125,193	321,443	2,536	5,152	9,697	954	2,656	4,969	4.1	4.1	3.0	1.5	2.1	1.5
Hong Kong	10,288	9,328	7,026	4,780	2,956	4,160	2,706	1,727	3,233	46.5	31.7	59.2	26.3	18.5	46.0
India	7,322	11,818	24,073	228	329	879	27	60	282	3.1	2.8	3.7	0.4	0.5	1.2
Japan	121,663	121,429	145,463	97,076	107,937	139,486	85,337	104,355	135,831	79.8	88.9	95.9	70.1	85.9	93.4
Korea, Republic of	23,173	35,572	47,562	10,470	19,796	32,881	7,598	19,281	30,484	45.2	55.7	69.1	32.8	54.2	64.1
Malaysia	18,027	24,009	32,629	2,175	900	1,722	1,056	632	991	12.1	3.7	5.3	5.9	2.6	3.0
Singapore	20,075	14,802	18,394	(D)	3,275	5,691	2,152	1,261	4,688	A	22.1	30.9	10.7	8.5	25.5
Taiwan	32,629	32,199	38,278	4,318	3,255	5,572	3,207	2,280	4,657	13.2	10.0	14.6	9.8	7.1	12.2
Thailand	12,602	14,793	22,755	1,863	803	1,428	1,006	336	1,042	14.8	5.4	6.3	8.0	2.3	4.6
Other	28,120	35,296	51,212	(D)	2,732	3,359	1,628	1,547	2,516	A	7.7	6.6	5.8	4.4	4.9
Unallocated				4,909	9,808	40,704	684	1,580	11,570						

D Suppressed to avoid the disclosure of data of individual companies.

1. Data on total U.S. exports and imports of goods are from the U.S. Census Bureau.

2. Trade between U.S. affiliates and their foreign parent groups.

Notes. The countries shown in this table are the 28 U.S. trading partners for which the sum of total

U.S. exports and total U.S. imports was at least \$20 billion in 2007.

Size ranges are given in the percentage cells that are suppressed. The size ranges are: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.

Affiliate exports. In terms of dollar levels, the largest destination country for U.S. affiliate exports in 2007 was Canada (\$29.7 billion), followed by Japan (\$24.3 billion), Mexico (\$17.0 billion), and Germany (\$14.1 billion) (chart 3).

For Canada and Mexico, the affiliate exports were predominantly shipments by affiliates with UBOs in other countries: only 13 percent of U.S. affiliate exports to Canada were shipped by Canadian-owned affiliates, and only 4 percent of U.S. affiliate exports to Mexico were shipped by Mexican-owned affiliates (table 15). About half of the affiliate exports to Canada were by Japanese- and German-owned affiliates, most notably affiliates in motor vehicle manufacturing or wholesale trade. Affiliates with UBOs in Germany, Japan, and the Netherlands collectively accounted for about two-thirds of the affiliate exports shipped to Mexico. The exports to Mexico by German-owned affiliates were predominantly by manufacturing affiliates in the motor vehicles and chemicals industries. The exports by Japanese-owned affiliates were mainly

by affiliates in motor vehicle manufacturing or wholesale trade, and the exports by Netherlands-owned

Chart 3. U.S. Affiliate Exports to Largest Destination Countries, 2007

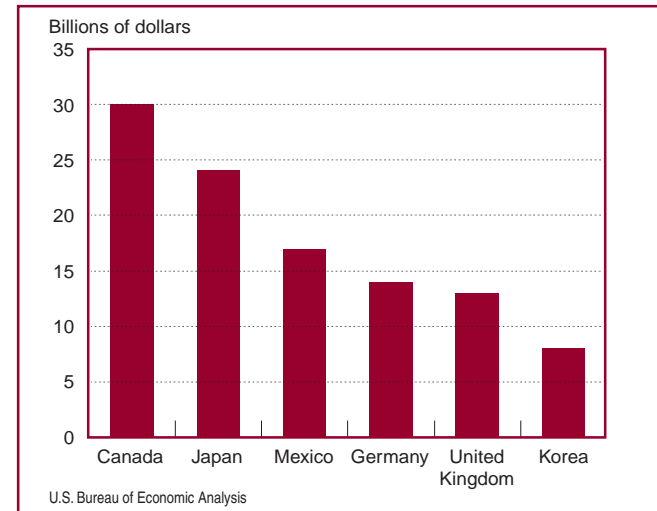


Table 15. U.S. Trade in Goods by Majority-Owned U.S. Affiliates by Selected Trading-Partner Country and Transacting Party, 2007

	Millions of dollars						Percentage of U.S. affiliate exports to or imports from the country that are accounted for by affiliates with UBOs in the country		
	U.S. affiliate exports to or imports from the trading-partner country						Total	Trade with the foreign parent group	Trade with others
	Total	Trade with the foreign parent group	Trade with others	Of which: Trade by affiliates with UBOs in the trading-partner country					
				Total	Trade with the foreign parent group	Trade with others			
Exports:									
Canada	29,689	13,470	16,219	3,723	2,930	793	12.5	21.8	4.9
France	5,247	4,702	545	3,526	3,486	41	67.2	74.1	7.5
Germany	14,090	12,731	1,360	11,186	10,697	489	79.4	84.0	36.0
Italy	3,704	3,292	411	1,596	1,550	46	43.1	47.1	11.2
Netherlands.....	3,083	2,312	771	1,710	1,662	48	55.5	71.9	6.2
Switzerland	6,589	4,357	2,232	2,748	2,706	42	41.7	62.1	1.9
United Kingdom	12,666	6,018	6,648	8,487	2,956	5,531	67.0	49.1	83.2
Brazil	2,873	1,267	1,606	267	(D)	(D)	9.3	A	A
Mexico	16,961	4,815	12,146	693	(D)	(D)	4.1	A	A
Venezuela	790	314	477	(D)	(D)	(D)	A	A	A
Saudi Arabia	360	210	150	(D)	(D)	0	C	E	0
China.....	5,766	2,004	3,762	14	(D)	(D)	0.2	A	A
Japan	24,290	20,670	3,620	20,795	19,012	1,784	85.6	92.0	49.3
Korea, Republic of.....	7,551	3,399	4,152	5,517	(D)	(D)	73.1	E	E
Imports:									
Canada	71,089	59,370	11,719	31,608	31,430	177	44.5	52.9	1.5
France	12,401	11,860	542	9,874	9,800	73	79.6	82.6	13.6
Germany	53,222	51,209	2,012	49,382	47,932	1,450	92.8	93.6	72.1
Italy	6,284	5,519	766	4,237	4,228	9	67.4	76.6	1.2
Netherlands.....	7,577	6,850	728	5,976	5,794	183	78.9	84.6	25.1
Switzerland	9,819	8,318	1,501	7,993	(D)	(D)	81.4	F	B
United Kingdom	26,237	18,872	7,365	19,995	13,899	6,096	76.2	73.7	82.8
Brazil	7,177	4,383	2,794	2,564	2,564	0	35.7	58.5	0
Mexico	18,936	9,638	9,298	3,528	3,528	0	18.6	36.6	0
Venezuela	(D)	(D)	(D)	(D)	(D)	(D)	F	F	A
Saudi Arabia	(D)	(D)	(D)	(D)	(D)	(D)	F	F	F
China.....	9,697	4,969	4,727	29	(D)	(D)	0.3	A	A
Japan	139,486	135,831	3,655	138,029	135,066	2,963	99.0	99.4	81.1
Korea, Republic of.....	32,881	30,484	2,397	30,573	29,243	1,330	93.0	95.9	55.5

D Suppressed to avoid disclosure of data of individual companies.

Notes. The countries shown in this table are the 14 trading-partner countries for which the sum of U.S. exports and imports by majority-owned U.S. affiliates exceeded \$10 billion in 2007.

Size ranges are given in the percentage cells that are suppressed. The size ranges are: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.
UBO Ultimate beneficial owner

affiliates were mainly by affiliates in petroleum-related industries.

Most of the affiliate exports to Japan and Germany were by affiliates with UBOs in Japan and Germany: Japanese-owned affiliates accounted for 86 percent of U.S. affiliate exports to Japan, and German-owned affiliates accounted for 79 percent of U.S. affiliate exports to Germany. As in 1997 and 2002, the exports to Japan by Japanese-owned affiliates mainly consisted of intrafirm shipments by wholesale trade affiliates of Japanese trading companies, which historically have mediated much of the trade in raw materials and other bulk commodities between the United States and Japan. The exports to Germany by German-owned affiliates were largely intrafirm shipments by affiliates in motor vehicle manufacturing or wholesale trade.

Although German-owned affiliates accounted for more than three-fourths of U.S. affiliate exports to Germany, exports to Germany made up only 28 percent of the total exports by German-owned affiliates (table 16). Slightly more than a quarter of the exports by German-owned affiliates were shipped to Canada and Mexico, and another fifth were shipped to other European countries. Exports to Japan accounted for 40 percent of the total exports by Japanese-owned affiliates, and exports to Canada and Mexico accounted for another 23 percent. Among affiliates of the other major UBO countries in terms of affiliate trade, the share of affiliate exports accounted for by exports shipped to

the country of UBO ranged from 54 percent for Korean-owned affiliates to only 13 percent for Netherlands-owned affiliates.

Affiliate imports. The largest source country for U.S. affiliate imports in 2007 was Japan (\$139.5 billion), followed by Canada (\$71.1 billion), Germany (\$53.2 billion), and Korea (\$32.9 billion) (chart 4).

Almost all of the affiliate imports from Japan, Germany, and Korea were imports by affiliates with UBOs

Chart 4. U.S. Affiliate Imports From Largest Source Countries, 2007

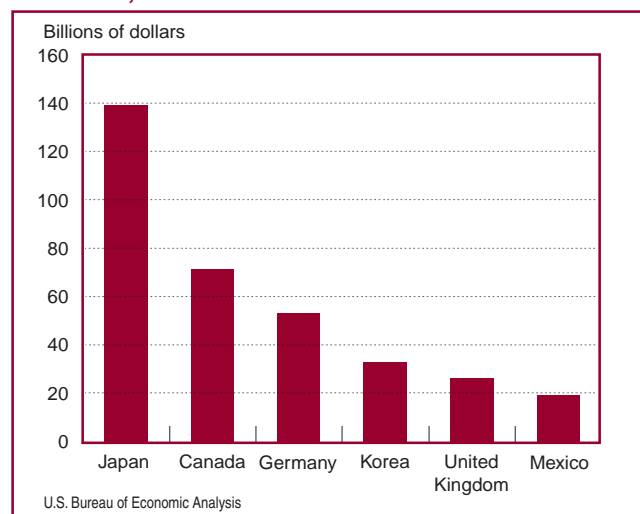


Table 16. U.S. Trade in Goods by Majority-Owned U.S. Affiliates by Selected Country of Ultimate Beneficial Owner and Transacting Party, 2007

	Millions of dollars						Trade with the country of UBO as a percentage of total exports or imports by affiliates of the UBO country		
	Exports or imports by affiliates of the UBO country						Total	Trade with the foreign parent group	Trade with others
	Total	Trade with the foreign parent group	Trade with others	Of which: Trade with the country of UBO					
				Total	Trade with the foreign parent group	Trade with others			
Exports:									
Canada.....	11,159	3,137	8,023	3,723	2,930	793	33.4	93.4	9.9
France.....	14,364	5,295	9,069	3,526	3,486	41	24.6	65.8	0.4
Germany.....	40,454	23,969	16,485	11,186	10,697	489	27.7	44.6	3.0
Netherlands.....	13,406	6,854	6,552	1,710	1,662	48	12.8	24.2	0.7
Switzerland.....	7,871	5,076	2,795	2,748	2,706	42	34.9	53.3	1.5
United Kingdom.....	20,774	7,119	13,654	8,487	2,956	5,531	40.9	41.5	40.5
Japan.....	52,339	29,698	22,641	20,795	19,012	1,784	39.7	64.0	7.9
Korea, Republic of.....	10,143	5,333	4,810	5,517	(D)	(D)	54.4	C	E
Imports:									
Canada.....	35,158	31,677	3,481	31,608	31,430	177	89.9	99.2	5.1
France.....	20,085	14,443	5,643	9,874	9,800	73	49.2	67.9	1.3
Germany.....	69,539	56,124	13,415	49,382	47,932	1,450	71.0	85.4	10.8
Netherlands.....	33,704	21,356	12,348	5,976	5,794	183	17.7	27.1	1.5
Switzerland.....	14,757	11,910	2,847	7,993	(D)	(D)	54.2	E	A
United Kingdom.....	33,085	23,133	9,952	19,995	13,899	6,096	60.4	60.1	61.3
Japan.....	179,390	159,667	19,723	138,029	135,066	2,963	76.9	84.6	15.0
Korea, Republic of.....	37,759	36,128	1,631	30,573	29,243	1,330	81.0	80.9	81.6

D Suppressed to avoid disclosure of data of individual companies.

Notes. The countries shown in this table are the eight UBO countries for which the sum of exports and imports by majority-owned U.S. affiliates exceeded \$22 billion in 2007.

Size ranges are given in the percentage cells that are suppressed. The size ranges are: A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100. UBO Ultimate beneficial owner

in the respective source country: Japanese-owned affiliates accounted for 99 percent of U.S. affiliate imports from Japan, German-owned affiliates accounted for 93 percent of U.S. affiliate imports from Germany, and Korean-owned affiliates accounted for 93 percent of U.S. affiliate imports from Korea (table 15). For Japan and Korea, the affiliate imports were predominantly intrafirm imports by wholesale trade affiliates of Japanese- or Korean-owned manufacturing companies producing motor vehicles or electronic products. The affiliate imports from Germany mainly consisted of intrafirm shipments by German motor vehicle manufacturers to their U.S. affiliates in motor vehicle manufacturing or wholesale trade.

The distribution of U.S. affiliate imports from Canada by country of ownership was less concentrated, with no single investing country accounting for a majority share. Canadian-owned affiliates accounting for the largest share of affiliate imports from Canada (44 percent), followed by Japanese-owned affiliates (23 percent). The imports by Canadian-owned affiliates were mainly intrafirm shipments to affiliates in petroleum-related industries, whereas most of the imports by Japanese-owned affiliates were intrafirm imports by affiliates in motor vehicle manufacturing or wholesale trade.

Shifting to an examination by country of ownership, the geographic pattern of affiliate imports among most of the major investing countries was highly con-

centrated, with shipments from the country of UBO accounting for a majority of imports by the investing country's U.S. affiliates (table 16). The home-country share of affiliate imports was particularly high for Canadian-owned affiliates (90 percent) and for Korean-owned affiliates (81 percent). For Netherlands-owned affiliates, however, the distribution of affiliate imports by source country was much more diversified, with imports from the Netherlands accounting for the largest share (18 percent), followed by imports from Canada (17 percent).

Imports by intended use

In 2007, imports of goods for resale without further manufacture accounted for close to 70 percent of the total imports shipped to U.S. affiliates, approximately the same share as in 2002 (table 17). Imports of goods for further manufacture by the affiliates accounted for almost all of the remaining imports, with imports of capital equipment accounting for a negligible share.

The overall pattern in the intended use of imports for U.S. affiliates reflects the dominance of affiliate import activity by wholesale trade affiliates, which accounted for nearly 60 percent of affiliate imports in 2007. In both 2002 and 2007, 90 percent of the imports by wholesale trade affiliates were goods for resale without further manufacture.

For affiliates in manufacturing, goods intended for further manufacture by the affiliates accounted for 65

Table 17. U.S. Imports of Goods Shipped to Majority-Owned U.S. Affiliates by Intended Use, by Industry of Affiliate, 2002 and 2007

	Millions of dollars								Percentage of total U.S. imports by affiliates in the industry					
	2002				2007				2002			2007		
	Total	Capital equipment	Goods for further manufacture	Goods for resale without further manufacture	Total	Capital equipment	Goods for further manufacture	Goods for resale without further manufacture	Capital equipment	Goods for further manufacture	Goods for resale without further manufacture	Capital equipment	Goods for further manufacture	Goods for resale without further manufacture
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All industries	335,021	1,183	95,083	238,756	533,430	1,265	163,710	368,455	0.4	28.4	71.3	0.2	30.7	69.1
Manufacturing	137,726	586	75,519	61,621	200,759	544	130,070	70,144	0.4	54.8	44.7	0.3	64.8	34.9
Food	2,303	10	1,888	404	4,471	3	2,261	2,207	0.4	82.0	17.5	0.1	50.6	49.4
Beverages and tobacco products	2,012	(D)	(D)	(D)	758	(*)	54	704	(D)	(D)	(D)	(*)	7.1	92.9
Paper	2,719	13	2,619	87	981	3	827	151	0.5	96.3	3.2	0.3	84.3	15.4
Petroleum and coal products	(D)	(D)	(D)	0	49,991	7	(D)	(D)	(D)	(D)	0.0	(*)	(D)	(D)
Chemicals	18,707	70	14,934	3,704	32,605	8	23,844	8,753	0.4	79.8	19.8	(*)	73.1	26.8
Plastics and rubber products	4,448	41	1,772	2,635	7,498	183	3,314	4,002	0.9	39.8	59.2	2.4	44.2	53.4
Nonmetallic mineral products	1,458	4	1,068	386	2,653	5	1,497	1,150	0.3	73.3	26.5	0.2	56.4	43.4
Primary metals	5,649	34	3,521	2,094	4,801	18	3,232	1,551	0.6	62.3	37.1	0.4	67.3	32.3
Fabricated metal products	2,056	11	1,406	639	2,039	35	1,431	573	0.5	68.4	31.1	1.7	70.2	28.1
Machinery	7,230	138	5,821	1,271	12,841	20	8,416	4,405	1.9	80.5	17.6	0.2	65.5	34.3
Computers and electronic products	25,185	(D)	(D)	(D)	14,310	11	11,735	2,564	(D)	(D)	(D)	0.1	82.0	17.9
Electrical equipment, appliances, and components	1,675	(*)	1,175	500	4,839	1	3,347	1,492	(*)	70.1	29.9	(*)	69.2	30.8
Transportation equipment	51,815	168	(D)	(D)	59,134	243	28,705	30,186	0.3	(D)	(D)	0.4	48.5	51.0
Other	(D)	(D)	(D)	(D)	3,838	7	(D)	(D)	(D)	(D)	(D)	0.2	(D)	(D)
Wholesale trade	188,761	57	18,723	169,981	316,993	686	31,805	284,502	(*)	9.9	90.1	0.2	10.0	89.8
Other industries	8,534	540	841	7,154	15,678	34	1,835	13,809	6.3	9.9	83.8	0.2	11.7	88.1

* Less than \$500,000 or less than 0.05 percent.

D Suppressed to avoid disclosure of data of individual companies.

percent of affiliate imports in 2007. Within manufacturing, goods for further manufacture accounted for more than 70 percent of the imports by affiliates in the paper, chemicals, and computer and electronic products industries. Measured by their share of affiliate sales, imports for further manufacture were utilized most extensively by affiliates in computers and electronic products (21 percent) (table 18).

Table 18. U.S. Affiliate Imports of Goods for Further Manufacture and for Resale Without Further Manufacture as a Percentage of Affiliate Sales, by Industry of Affiliate, 2002 and 2007

	2002		2007	
	Goods for further manufacture	Goods for resale without further manufacture	Goods for further manufacture	Goods for resale without further manufacture
	(1)	(2)	(3)	(4)
All industries	4.7	11.8	5.0	11.2
Manufacturing	8.8	7.2	10.9	5.9
Food	3.5	0.7	3.0	2.9
Beverages and tobacco products	(D)	(D)	0.2	2.7
Paper	17.9	0.6	5.7	1.0
Petroleum and coal products	(D)	0.0	(D)	(D)
Chemicals	10.5	2.6	8.9	3.3
Plastics and rubber products	6.4	9.5	8.4	10.1
Nonmetallic mineral products	2.6	0.9	2.4	1.9
Primary metals	13.7	8.2	6.1	2.9
Fabricated metal products	6.1	2.8	5.6	2.2
Machinery	8.5	1.9	10.0	5.2
Computers and electronic products	(D)	(D)	20.8	4.5
Electrical equipment, appliances, and components	6.0	2.6	12.1	5.4
Transportation equipment	(D)	(D)	11.6	12.2
Other	(D)	(D)	(D)	(D)
Wholesale trade	3.2	29.1	3.5	31.8
Other industries	0.1	1.2	0.2	1.2

D Suppressed to avoid disclosure of data of individual companies.

Revisions

The statistics of U.S. affiliate operations in 2007 presented in this article are preliminary. The estimates for employment, sales, and expenditures for property, plant, and equipment supersede the advance summary estimates for majority-owned nonbank affiliates that were released on April 17, 2009 (BEA news release 09–14). From the advance estimates to the preliminary estimates, the estimate of employment was revised up 1.8 percent, the estimate of sales was revised up 4.5 percent, and the estimate of capital expenditures was revised up 2.4 percent.

The final estimates of U.S. affiliate operations in 2006 are also presented. The final estimates for employment, sales, and expenditures for property, plant, and equipment supersede the advance summary estimates for majority-owned affiliates from the April release and the preliminary estimates that were released in August 2008.¹³ From the estimates released in April to these final estimates, the estimate of employment was revised up 0.4 percent, the estimate of sales was revised up 0.6 percent, and the estimate of capital expenditures was revised down 0.3 percent. From the preliminary estimates to the final estimates, the estimate of employment was revised up 0.1 percent, the estimate of sales was revised up 1.0 percent, and the estimate of capital expenditures was revised up 0.8 percent.

13. See Thomas W. Anderson, "U.S. Affiliates of Foreign Companies: Operations in 2006," SURVEY 88 (August 2008): 186–203.

Tables 19.1 through 20.2 follow.

Table 19.2. Selected Data of Majority-Owned U.S. Affiliates by Industry of Affiliate, 2007

	Millions of dollars							Thousands of employees	Millions of dollars			
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped to affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	(11)
All industries	12,012,130	1,283,009	183,039	3,277,167	103,301	657,558	403,606	5,519.5	215,554	533,430	39,806	
Manufacturing	1,343,458	508,523	63,732	1,195,807	32,946	272,898	159,595	1,998.2	125,703	200,759	30,640	
Food	99,744	27,951	2,316	75,564	4,197	15,133	9,194	145.3	10,668	4,471	475	
Beverages and tobacco products	37,853	10,798	1,331	25,754	2,176	9,091	3,638	52.1	1,107	758	63	
Paper	15,759	13,892	796	14,423	-205	3,526	2,710	36.4	1,300	981	57	
Petroleum and coal products	100,636	57,613	7,059	182,720	11,454	29,574	5,486	38.6	(D)	49,991	(D)	
Chemicals	354,097	121,805	11,055	266,946	10,680	65,994	36,007	304.6	30,209	32,605	16,260	
Basic chemicals	82,511	32,708	3,348	84,363	1,475	11,505	5,564	57.1	12,493	9,062	562	
Pharmaceuticals and medicines	201,401	43,347	5,046	128,237	7,731	42,753	23,213	166.7	10,135	17,829	14,859	
Other	70,184	25,750	2,661	54,347	1,474	11,735	7,230	80.8	7,581	5,713	839	
Plastics and rubber products	34,124	22,013	1,764	39,613	288	10,973	7,723	119.7	3,581	7,498	492	
Nonmetallic mineral products	91,896	60,360	5,504	61,285	2,379	21,117	11,649	168.9	1,309	2,653	267	
Primary and fabricated metals	74,258	36,172	3,237	78,652	3,384	17,906	11,315	6.886	6,840	6,840	266	
Primary metals	50,265	23,440	2,303	53,040	2,113	10,671	6,158	80.1	4,034	4,801	67	
Fabricated metal products	23,994	12,732	934	25,611	1,271	7,235	5,156	80.0	2,353	2,039	199	
Machinery	123,584	22,347	2,133	84,494	3,206	23,461	18,358	219.5	10,872	12,841	1,929	
Computers and electronic products	82,071	22,502	1,735	56,362	-3,686	13,792	10,227	134.6	13,476	14,310	3,857	
Semiconductors and other electronic components	30,262	12,144	928	23,631	996	5,298	3,331	48.2	6,790	6,998	678	
Navigational, measuring, and other instruments	10,853	2,604	238	7,608	129	3,245	1,819	23.6	2,174	1,110	361	
Other	40,956	7,755	568	25,123	-4,811	5,249	5,076	62.8	4,513	6,202	2,818	
Electrical equipment, appliances, and components	31,427	8,312	612	27,630	2,021	8,283	5,813	74.9	3,223	4,839	379	
Transportation equipment	245,112	84,720	23,883	247,001	-1,410	42,731	29,112	408.3	34,228	59,134	5,497	
Motor vehicles, bodies and trailers, and parts	192,991	75,734	22,437	208,137	-2,419	28,412	18,013	262.1	29,346	55,309	(D)	
Other	52,120	8,987	1,447	38,865	1,008	14,319	11,099	146.3	4,882	3,824	(D)	
Other	52,897	20,037	2,308	35,363	-1,538	11,317	8,361	135.1	(D)	3,838	(D)	
Wholesale trade	613,345	258,978	40,254	895,917	23,659	96,224	51,019	620.3	80,214	316,993	5,623	
Motor vehicles and motor vehicle parts and supplies	156,137	88,964	19,743	188,007	4,422	16,286	7,240	82.7	10,699	94,822	423	
Electrical goods	86,449	21,274	3,324	127,173	1,233	14,626	11,261	112.6	16.0	63,262	1,922	
Petroleum and petroleum products	163,160	(D)	12,395	253,402	8,319	20,956	4,691	39.9	14,213	49,357	(D)	
Other	207,599	(D)	4,792	327,335	9,685	44,356	27,827	385.0	40,570	109,552	(D)	
Retail trade	69,024	43,620	5,338	144,431	4,357	32,800	18,255	534.5	673	6,300	14	
Food and beverage stores	32,123	27,951	2,806	81,856	3,302	18,820	10,587	304.1	0	72	0	
Other	36,902	15,670	2,532	62,574	1,055	13,980	7,669	230.5	673	6,228	14	
Information	234,301	50,268	5,671	90,292	5,007	35,341	22,138	238.1	893	415	1,186	
Publishing industries	78,582	6,956	693	34,740	1,909	14,488	10,548	115.3	(D)	(D)	829	
Telecommunications	83,174	34,859	3,998	(D)	(D)	10,568	3,745	53.2	3	5	(D)	
Other	72,545	8,452	980	(D)	(D)	10,285	7,845	69.7	(D)	(D)	(D)	
Finance and insurance	8,834,038	64,332	13,684	561,864	-3,560	74,769	63,154	378.5	(D)	(D)	9	
Depository credit intermediation (banking)	3,277,197	14,378	1,213	182,856	-3,880	24,226	11,194	113.2	0	0	0	
Finance, except depository institutions	3,971,220	35,736	11,180	233,112	-10,891	27,612	35,736	145.8	(D)	(D)	8	
Insurance carriers and related activities	1,585,620	14,218	1,290	145,896	11,211	22,931	16,223	119.6	0	(*)	(*)	
Real estate and rental and leasing	128,015	99,126	11,702	30,459	6,076	15,488	1,875	31.0	17	(D)	(D)	
Real estate	108,863	89,859	10,425	24,680	5,205	12,725	982	21.0	0	0	1	
Rental and leasing (except real estate)	19,151	9,267	1,277	5,779	871	2,763	893	10.0	17	(D)	(D)	
Professional, scientific, and technical services	111,933	14,121	1,629	71,646	1,863	26,117	21,672	234.1	532	491	1,780	
Architectural, engineering, and related services	17,958	3,223	304	13,009	254	5,470	4,568	55.7	(D)	(D)	328	
Computer systems design and related services	21,973	4,343	563	20,000	355	9,119	7,927	79.1	14	6	258	
Management, scientific, and technical consulting	12,376	594	172	(D)	(D)	2,264	1,845	14.6	3	(D)	5	
Other	59,626	5,961	590	(D)	(D)	9,264	7,334	84.7	(D)	(D)	1,189	
Other industries	678,015	244,041	41,029	286,751	32,952	103,920	65,898	1,484.8	(D)	8,246	(D)	
Mining	111,868	78,856	20,765	45,514	7,686	24,947	9,025	90.1	5,753	2,816	(D)	
Utilities	94,812	64,974	6,803	47,775	1,230	9,219	2,438	30.6	1	(D)	(*)	
Construction	33,003	11,331	3,111	48,417	133	8,770	6,881	80.1	151	(D)	(D)	
Transportation and warehousing	77,741	40,431	5,746	59,279	500	15,532	12,767	243.4	410	(D)	(D)	
Administration, support, and waste management	56,587	12,762	1,292	(D)	(D)	23,447	18,120	536.5	(D)	(D)	(D)	
Health care and social assistance	(D)	3,248	438	(D)	(D)	4,959	3,418	64.9	(D)	(D)	(D)	
Accommodation and food services	42,888	20,658	1,665	26,842	554	13,710	10,267	361.8	(*)	1	0	
Other	(D)	11,780	1,210	10,198	20,605	3,336	2,982	77.4	446	178	76	

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

Table 20.1. Selected Data of Majority-Owned Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 2006

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)
All countries	6,820,142	1,183,022	161,570	2,824,088	136,503	616,317	364,098	5,334.2	198,003	502,589	34,625
Canada	610,799	113,572	13,036	211,017	12,050	56,900	31,962	463.9	9,196	33,759	1,581
Europe	5,048,538	715,675	90,318	1,704,012	90,308	392,127	241,162	3,576.0	110,777	203,079	26,100
Austria.....	3,202	1,704	237	4,125	130	1,033	650	10.8	293	1,056	9
Belgium.....	58,912	12,648	1,151	36,213	1,464	7,198	4,461	132.2	1,080	1,122	288
Denmark.....	24,224	4,622	916	12,520	328	3,288	2,511	23.3	922	3,245	371
Finland.....	14,848	7,963	(D)	21,959	1,199	4,145	2,892	33.8	2,720	6,319	(D)
France.....	774,081	66,404	5,764	206,747	18,498	58,065	36,811	498.3	12,458	19,359	3,289
Germany.....	682,101	242,049	39,060	380,836	9,913	72,544	45,996	703.6	42,858	68,810	6,857
Ireland.....	31,992	9,621	698	19,508	698	5,991	3,784	62.3	225	374	207
Italy.....	55,651	16,497	1,257	30,864	1,694	7,960	4,736	107.1	2,367	5,052	344
Luxembourg.....	8,067	3,931	170	2,987	253	1,167	501	26.1	69	233	8
Netherlands.....	706,125	75,387	6,800	301,039	13,489	43,871	27,765	427.1	14,605	34,028	1,678
Norway.....	13,192	8,131	1,741	11,862	-566	249	559	7.5	412	2,024	13
Spain.....	56,385	5,302	1,224	9,169	358	2,092	1,487	35.5	651	494	(D)
Sweden.....	36,000	12,535	1,278	52,146	1,374	12,547	9,339	193.4	5,973	8,496	344
Switzerland.....	1,403,907	48,123	5,387	179,155	7,602	46,134	36,089	414.1	7,027	17,517	5,014
United Kingdom.....	1,168,827	195,869	22,877	420,562	33,727	122,758	62,246	883.7	18,849	33,852	6,924
Other.....	11,024	4,889	(D)	14,318	149	3,085	1,336	17.1	267	1,098	32
Latin America and Other Western Hemisphere	320,837	66,651	(D)	186,705	9,566	50,547	27,603	360.4	13,226	(D)	(D)
South and Central America.....	41,536	21,810	2,805	93,620	2,918	16,106	6,108	116.9	2,871	(D)	(D)
Brazil.....	8,637	2,934	(D)	12,739	278	1,156	778	10.8	678	6,361	(*)
Mexico.....	18,640	9,186	1,173	25,271	414	6,034	3,103	59.3	985	4,567	16
Panama.....	1,409	(D)	87	1,156	154	(D)	(D)	1	(D)	31	(D)
Venezuela.....	(D)	(D)	(D)	(D)	(D)	(D)	(D)	H	(D)	(D)	0
Other.....	(D)	1,248	287	(D)	(D)	1,267	1,057	37.3	213	2,110	3
Other Western Hemisphere.....	279,301	44,841	(D)	93,085	6,648	34,441	21,495	243.5	10,355	6,355	1,249
Bahamas.....	979	219	16	181	57	85	98	1.7	1	2	(*)
Bermuda.....	196,246	32,725	3,069	71,183	4,340	25,558	16,949	195.0	(D)	4,317	950
Netherlands Antilles.....	7,361	3,795	(D)	7,272	1,058	4,274	2,236	20.7	(D)	(D)	(D)
United Kingdom Islands, Caribbean.....	74,605	8,072	925	14,297	1,236	4,506	2,199	26.0	143	(D)	(D)
Other.....	110	30	6	152	-42	19	14	0.1	6	15	(D)
Africa	4,405	4,062	265	7,403	115	1,082	707	8.4	500	727	35
South Africa.....	3,835	3,535	155	6,882	13	972	672	7.9	500	726	35
Other.....	570	528	110	520	101	110	36	0.4	(*)	(*)	0
Middle East	64,152	28,127	3,021	66,327	3,442	12,735	3,635	74.9	642	(D)	(D)
Israel.....	22,997	2,949	269	11,691	-829	1,910	1,068	17.2	262	1,371	147
Kuwait.....	3,749	(D)	225	1,863	290	(D)	(D)	H	2	(*)	0
Lebanon.....	1,277	1,052	145	789	18	277	175	3.3	9	2	(*)
Saudi Arabia.....	15,607	11,642	1,581	(D)	(D)	7,007	566	4.9	(D)	(D)	(D)
United Arab Emirates.....	13,167	8,417	571	3,714	1,269	1,210	488	14.3	(D)	80	0
Other.....	7,355	(D)	229	(D)	(D)	(D)	(D)	K	114	497	28
Asia and Pacific	730,928	240,702	39,863	622,216	19,634	94,624	54,440	792.8	60,860	206,428	4,698
Australia.....	95,315	37,764	5,516	29,501	5,293	8,968	4,714	61.7	1,356	1,721	174
China.....	863	316	11	1,343	-12	103	97	1.1	(D)	84	(D)
Hong Kong.....	7,693	4,632	505	10,114	196	2,095	1,223	21.7	159	1,803	75
India.....	2,961	585	203	4,637	-38	1,244	1,094	16.7	68	285	0
Japan.....	583,824	177,295	30,895	504,395	13,068	75,679	43,612	631.6	48,980	161,618	4,056
Korea, Republic of.....	22,047	10,146	2,009	51,070	471	2,909	1,404	18.7	8,790	34,974	(D)
Malaysia.....	1,553	988	67	1,009	60	372	262	4.8	(D)	18	(D)
New Zealand.....	706	70	11	1,760	19	162	89	1.5	(D)	1,193	0
Singapore.....	7,700	2,840	200	8,632	253	1,666	1,058	18.8	311	900	42
Taiwan.....	6,804	5,113	394	8,534	300	1,194	769	12.6	890	3,240	113
Other.....	1,461	953	52	1,221	23	233	119	3.6	16	594	(D)
United States	40,483	14,232	(D)	26,409	1,387	8,301	4,588	57.7	2,803	5,982	721
Addenda:											
European Union (25) ¹	3,624,804	656,569	82,315	1,502,814	83,020	343,437	203,621	3,142.8	103,163	182,625	21,041
OPEC ²	43,044	(D)	(D)	97,617	6,515	16,226	1,861	27.0	1,168	(D)	(D)

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

1. The European Union (25) comprises Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

2. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

NOTE: The following ranges are given in employment cells that are suppressed. The size ranges are: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

Table 20.2. Selected Data of Majority-Owned U.S. Affiliates by Country of Ultimate Beneficial Owner, 2007

	Millions of dollars							Thousands of employees	Millions of dollars		
	Total assets	Gross property, plant, and equipment	Expenditures for property, plant, and equipment	Sales	Net income	Value added	Compensation of employees		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Research and development performed by affiliates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)
All countries	12,012,130	1,283,009	183,039	3,277,167	103,301	657,558	403,606	5,519.5	215,554	533,430	39,806
Canada	1,047,583	135,763	20,029	248,669	8,572	64,861	37,265	542.5	11,159	35,158	1,513
Europe	9,094,374	734,724	103,338	1,998,241	58,710	412,330	267,187	3,595.4	111,537	201,929	31,023
Belgium	112,604	14,034	1,592	47,014	1,194	10,193	5,124	140.9	1,497	1,918	291
Denmark	28,518	4,702	932	14,668	483	3,791	2,724	24.4	1,153	3,995	349
Finland	68,955	4,400	322	17,929	626	3,412	2,500	26.6	1,236	6,644	333
France	1,262,812	74,542	6,794	253,627	10,288	60,733	39,723	516.0	14,364	20,085	5,377
Germany	1,825,362	199,493	39,487	442,648	1,844	85,921	55,375	653.9	40,454	69,539	5,638
Ireland	60,622	11,066	798	23,942	140	6,860	4,786	67.7	290	442	213
Italy	139,378	25,691	7,071	37,717	790	9,078	5,234	115.2	3,156	5,861	359
Netherlands	1,000,675	75,295	8,767	323,524	16,040	43,639	28,113	391.2	13,406	33,704	1,682
Spain	233,165	10,831	1,886	24,916	557	3,656	2,599	57.5	790	457	34
Sweden	67,125	13,839	1,560	48,849	848	12,253	8,742	184.1	5,256	6,811	314
Switzerland	2,005,325	52,834	5,820	223,055	-1,044	48,914	38,267	396.9	7,871	14,757	5,871
United Kingdom	2,216,961	221,265	22,156	499,412	27,638	117,686	70,299	949.3	20,774	33,085	10,469
Other	72,871	26,732	6,152	40,940	-696	6,193	3,702	71.9	1,290	4,632	93
Latin America and Other Western Hemisphere	401,811	71,497	9,866	189,286	9,953	49,637	28,533	375.5	16,958	38,757	1,289
South and Central America	84,768	24,459	3,180	92,055	2,564	15,705	6,851	125.1	3,893	31,322	55
Brazil	29,054	4,909	1,179	24,534	60	2,253	1,581	29.9	1,803	5,617	(*)
Mexico	19,569	9,303	1,190	20,158	475	4,800	2,657	43.0	1,048	3,878	6
Venezuela	23,053	(D)	(D)	(D)	(D)	6,485	798	6.6	(D)	(D)	0
Other	13,091	(D)	(D)	(D)	(D)	2,168	1,815	45.6	(D)	(D)	49
Other Western Hemisphere	317,042	47,038	6,686	97,231	7,389	33,932	21,682	250.4	13,065	7,435	1,234
Bermuda	201,106	34,426	4,912	70,514	3,755	22,959	15,763	193.2	(D)	5,267	907
United Kingdom Islands, Caribbean	105,447	8,084	1,122	18,242	2,307	5,683	3,006	32.7	164	1,902	(D)
Other	10,489	4,528	652	8,475	1,328	5,291	2,914	24.5	(D)	266	(D)
Africa	6,016	4,453	272	7,832	44	1,124	740	8.4	537	754	35
South Africa	4,127	3,915	155	(D)	(D)	1,005	693	8.0	537	754	35
Other	1,890	538	117	(D)	(D)	120	48	0.5	(*)	(*)	0
Middle East	119,196	36,407	4,280	76,606	3,749	15,663	4,899	77.3	2,188	(D)	308
Israel	53,730	3,990	354	14,751	206	2,910	1,348	19.6	249	1,649	156
Saudi Arabia	29,417	15,843	1,996	47,974	3,206	8,854	1,390	10.3	1,645	(D)	106
United Arab Emirates	19,995	9,109	809	4,919	328	1,265	603	18.8	54	92	0
Other	16,054	7,464	1,121	8,961	8	2,633	1,558	28.7	240	459	45
Asia and Pacific	1,270,935	277,393	44,085	706,088	20,997	104,925	59,801	857.9	66,909	227,984	4,913
Australia	153,560	47,383	5,146	38,175	6,038	11,505	5,684	71.5	1,803	1,626	180
China	5,762	422	30	1,923	126	214	142	1.5	20	36	(D)
Hong Kong	10,813	4,801	511	10,528	231	2,204	1,321	21.1	481	1,689	59
India	10,148	1,449	448	7,218	-108	1,650	1,528	25.3	366	505	5
Japan	995,480	199,183	34,309	563,739	13,356	81,475	46,642	665.2	52,339	179,390	4,252
Korea, Republic of	37,137	12,468	2,710	56,713	541	3,006	1,537	23.9	10,143	37,759	218
Singapore	17,565	3,101	343	10,284	221	1,946	1,141	18.7	351	997	55
Taiwan	33,134	5,796	408	11,940	394	1,614	985	15.6	1,007	4,099	124
Other	7,335	2,790	180	5,568	199	1,311	820	15.1	398	1,884	(D)
United States	72,215	22,772	1,170	50,445	1,275	9,018	5,181	62.4	6,266	(D)	726
Addenda:											
European Union (27) ¹	7,060,458	667,140	93,982	1,748,794	60,721	360,813	227,230	3,176.5	102,930	184,282	25,098
OPEC ²	80,759	37,784	3,878	95,340	5,864	17,599	3,048	38.7	(D)	(D)	106

* Less than \$500,000.

D Suppressed to avoid disclosure of data of individual companies.

¹ The European Union (27) comprises Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, the United Kingdom and the two countries—Bulgaria and Romania—that

joined in 2007.

² OPEC is the Organization of Petroleum Exporting Countries. In 2007, its members were Angola (which joined at the beginning of the year), Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. Ecuador rejoined OPEC in November 2007, but is not included as a member in this annual tabulation.