

U.S. Direct Investment Abroad

Operations of U.S. Parent Companies

and

Their Foreign Affiliates

Revised 1998 Estimates

February 2002



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Introduction

This publication presents revised estimates that cover the financial structure and operations of nonbank U.S. multinational companies (MNC's) and their nonbank foreign affiliates for the fiscal year 1998.

These estimates cover the universe of nonbank U.S. parent companies and their nonbank foreign affiliates. They were derived by combining the sample data that were reported in the Annual Survey of U.S. Direct Investment Abroad, 1998 that was conducted by the Bureau of Economic Analysis (BEA) with BEA's estimates of data for affiliates not in the sample. The estimates for nonsample parents and affiliates that existed before 1998 were derived by extrapolating forward their data from BEA's 1994 benchmark survey of U.S. direct investment abroad.

The concepts and definitions that underlying these estimates are the same as those used for

BEA's 1989 and 1994 benchmark surveys. They are described in *U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results*.

The revised estimates for 1998 are comparable with the estimates for 1977 and for 1982–97. For the availability of these estimates, see the section "Availability of the Data."

The scheme that is used for the titles of the tables for the 1994–98 estimates is similar to that used for the 1990–93 estimates. To aid in making comparisons between these estimates, see the guide below that provides cross-references for the titles for the 1994–98 estimates and those for the for 1990–93 estimates.

For additional information about the revised 1998 estimates, call Ray Mataloni of the Research Branch of the International Investment Division at 202–606–9867, or send e-mail to raymond.mataloni@bea.doc.gov.

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Availability of the Data

The revised 1998 estimates are comparable with the estimates for 1977 and for 1982–97. The estimates for all these years except 1977, 1982, 1989, and 1994 are based on data collected in annual surveys of U.S. direct investment abroad. The estimates for 1977, 1982, 1989, and 1994 are based on benchmark surveys that collect more information than the annual surveys, so these estimates are more detailed and cover many more data items than those in publications for nonbenchmark years.

The estimates are available in publications. Most of these publications are available from the National Technical Information Service (NTIS) of the U.S. Department of Commerce. The more recent publications are available from the Superintendent of Documents of the U.S. Government Printing Office (GPO).

Most of the estimates are also available on BEA's Web site in compressed files that can be downloaded for free. Go to www.bea.doc.gov, and click on Catalog of Products.

To order a publication from GPO, call 202–512–1800, or go to www.gpo.gov.

To order from NTIS, call 1–800–553–6847, or go to www.ntis.gov.

	Source	Product number	Price*
U.S. Direct Investment Abroad, 1977	NTIS	PB82–130634	\$96.00
1982 Benchmark Survey Data	NTIS	PB86–169117	\$86.50
1989 Benchmark Survey, Final Results ...	NTIS	PB93–127702	\$84.00
1994 Benchmark Survey, Final Results ...	NTIS	PB98–177538	\$71.50
Operations of U.S. Parent Companies and Their Foreign Affiliates			
Revised 1983 Estimates	NTIS	PB87–131306	\$34.00
Revised 1984 Estimates	NTIS	PB88–100540	\$34.00
Revised 1985 Estimates	NTIS	PB89–121784	\$34.00
Revised 1986 Estimates	NTIS	PB90–114109	\$31.50
Revised 1987 Estimates	NTIS	PB90–258898	\$31.50
Revised 1988 Estimates	NTIS	PB92–101583	\$34.00
Revised 1990 Estimates	NTIS	PB94–102175	\$34.00
Revised 1991 Estimates	NTIS	PB94–196425	\$34.00
Revised 1992 Estimates	NTIS	PB95–261152	\$34.00
Revised 1993 Estimates	NTIS	PB97–126619	\$29.50
Revised 1995 Estimates	GPO	003–010–00276–0	\$11.00
Revised 1996 Estimates	GPO	003–010–00282–4	\$10.00
Revised 1997 Estimates	GPO	003–010–00285–9	\$11.00
Revised 1998 Estimates	GPO	003–010–00293–0	**

*For the prices for mailing outside the United States, call the source.

** The price was not available at press time.

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General Notes to the Tables

The estimates are on a fiscal year (FY) basis; an affiliate's fiscal year is defined as the financial reporting year that ended in that calendar year. Unless otherwise specified, all balances are as of the close of FY 1998.

Detail may not add to totals because of rounding.

An asterisk “(*)” indicates a value between –\$500,000 and +\$500,000, or fewer than 50 employees, as appropriate.

A “(D)” indicates that the data in the cell have been suppressed to avoid disclosure of data of individual companies.

A “U.S. parent company” is the person, resident in the United States, that owns or controls 10 percent or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise. “Person” is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization (whether or not organized under the laws of any State), or any government entity. If incorporated, the U.S. parent is the fully consolidated U.S. enterprise consisting of (1) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation (including Foreign Sales Corporations located within the United States) whose voting securities are more than 50 percent owned by the U.S. corporation above it. A U.S. parent comprises the domestic (U.S.) operations of a U.S. multinational company.

A “foreign affiliate” is a foreign business enterprise in which there is U.S. direct investment, that is, in which a U.S. person owns or controls 10 percent of the voting securities or the equivalent. Foreign affiliates comprise the foreign operations of a U.S. multinational company over which the U.S. parent is presumed to have a degree of managerial influence.

A “majority-owned nonbank affiliate” (MOFA) is a foreign affiliate in which the combined direct and indirect ownership interest of all U.S. parents exceeds 50 percent. MOFA's comprise the foreign operations of a U.S. MNC that are unambiguously controlled by the U.S. parent(s).

The tables cover only nonbank parents and affiliates. Nonbank parents (affiliates) exclude parents (affiliates) classified as depository institutions, which

consist of commercial banks, savings institutions, and credit unions.

The designation “by country” in a table title indicates that data are disaggregated by country of foreign affiliate.

Unless otherwise specified, the designation “by industry” in a table title indicates that the data are disaggregated by industry of foreign affiliate.

For tables that do not show every individual country or industry, the individual countries or industries included in a country or industry group shown in the heading or stub may be found in table II.A 1 or III.A 1 (for countries) or table II.A 2 or III.A 2 (for industries). The industries listed in table II.A 2 and III.A 2 are described in BEA's *Guide to Industry and Foreign Trade Classifications for International Surveys*.

The country category “international” consists of affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, or oil and gas drilling.

“Eastern Europe” comprises Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

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.

In BEA's direct investment statistics, petroleum is presented as a major industry that consolidates all the activities associated with petroleum production, transportation, and distribution. Consequently, in this publication, the data for these activities are excluded from major industries in which they would usually be included. In particular, *manufacturing* excludes petroleum and coal products manufacturing, *mining* excludes oil and gas extraction, *wholesale trade* excludes petroleum wholesale trade, *retail trade* excludes gasoline service stations, and *transportation* excludes petroleum tanker operations, pipelines, and storage.

See the footnotes to the tables on page 100.

Footnotes to the Tables

See the general notes to the tables on page 2.

Table II.L 1

1. Includes capitalized expenditures for land, timber, mineral and like rights owned, structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and capitalized and expensed tangible and intangible exploration and development costs (but not the costs of other types of intangible assets) and land held for resale.

2. Measures expenditures for research and development conducted by the parents, whether for themselves or for others under contract. Excludes expenditures for research and development conducted by others for parents under contract.

Table II.Q 1

1. Sales of goods are defined as sales generated by activities characteristic of establishments in the following group of industries: Agriculture (except agricultural services), forestry, and fishing; mining, except mining services; petroleum, except petroleum services; construction; manufacturing; and wholesale and retail trade.

2. Sales of services are defined as sales generated by activities characteristic of establishments in the following group of industries: The “services” division of the Standard Industrial Classification (and the International Surveys Industry Classification) system; petroleum services; finance, insurance, and real estate; agricultural services; mining services; transportation; communication; and public utilities.

3. Consists of investment income that is included in sales (or gross operating revenues) in the income statement. In finance and insurance, companies generally include investment income in sales because it is generated by a primary activity of the company. In most other industries, companies generally consider investment income an inci-

dental revenue source and include it in the income statement in a separate “other income” category; in such cases, investment income is not included in sales or in this column.

Table II.Q 2

1. For industry classification, each U.S. parent was required to disaggregate its sales by three-digit International Surveys Industry code; the U.S. parent was then classified in the industry in which its sales were largest. When sales are disaggregated by industry of U.S. parent, total sales of a given U.S. parent are shown in the single industry in which the parent was classified; when disaggregated by industry of sales, they are distributed among all the industries in which the U.S. parent reported sales—that is, sales associated with each industry of sales are shown in that industry regardless of the U.S. parent’s industry of classification.

2. In the breakdown of U.S. parents’ sales by industry of sales, only the eight largest sales categories had to be specified. If a given U.S. parent had sales in more than eight industries, the distribution of its sales in the specified industries would have covered less than 100 percent of its total sales. Sales in all unspecified industries combined are shown in this column.

Table II.R 1

1. Profit-type return measures profits from current production. Unlike net income, it is before income taxes, and it excludes nonoperating items (such as special charges and capital gains and losses) and income from equity investments.

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

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

Tables II.T 1 and II.T 4

1. Applies only to U.S. parent companies that are themselves U.S. affiliates of foreign companies. The foreign parent group consists of (1) the foreign parent of a U.S. parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

2. Does not equal the total in column 4, primarily because column 10 includes trade between U.S. parents and all affiliates, not just with majority-owned affiliates. In addition, trade between parents and majority-owned affiliates as reported on parents' forms (part of column 10) and affiliates' forms (column 4) may differ due to differences in timing and valuation. Finally, trade between parents and their majority-owned affiliates that were exempt from being reported on affiliates' forms is included, in the aggregate, in column 10, but may differ from BEA estimates of trade with these affiliates included in column 4.

Tables III.B 1–2, III.B 3–4, and III.B 11–12

1. Comparable to the sum of columns 3, 4, and 8 of table III.B 1 in the 1994 benchmark survey publication.

2. Comparable to column 16 of table III.B 1 in the 1994 benchmark survey publication.

Table III.C 1

1. This item includes total owners' equity of those unincorporated affiliates for which detail on equity by type could not be provided. For these affiliates, cumulative retained earnings—which are

an internal, not an external, source of funds—and translation adjustments were not reported separately and could not be excluded.

2. For all industries combined and for each of the selected industries shown, data in column 2 of this line equals column 12 of table III.B 3–4.

Tables III.D 6, III.D 7, and III.D 8

1. Includes the net book value of “transfers in” of property, plant, and equipment. For a given affiliate, “transfers in” are from its U.S. parent or from other foreign affiliates of its U.S. parent.

Tables III.E 1, III.E 2, and III.E 8

1. Consists of gains (losses), net of income tax effects, resulting from (1) the sale, disposition, or revaluation of assets; (2) the remeasurement of the foreign affiliates' assets and liabilities denominated in foreign currencies other than the affiliate's functional currency, to reflect changes in exchange rates during the period; (3) transaction gains (losses) taken to income in accordance with Financial Accounting Standards Board Statement No. 52; and (4) all other realized and unrealized gains (losses), that under GAAP are to be included in income.

2. Consists of unrealized gains (losses), net of income tax effects, that under GAAP are not included in the determination of net income.

Table III.F 1

1. Includes sales to the U.S. parent and its foreign affiliates; equals the sum of columns 5 and 8.

2. Sales charged by an affiliate to persons in the country where the affiliate is located.

3. “Other” foreign countries are foreign countries other than the country where the affiliate is located.

4. See footnote 1 to table II.Q 1.

5. See footnote 2 to table II.Q 1.

6. See footnote 3 to table II.Q 1.

Tables III.F 2 and III.F 3

1. See footnote 1 to table III.F 1.
2. See footnote 2 to table III.F 1.
3. See footnote 3 to table III.F 1.

Table III.F 7

1. See footnote 2 to table III.F1.

Table III.F 9

1. See footnote 1 to table III.F1.
2. See footnote 2 to table III.F1.
3. See footnote 3 to table III.F1.

Tables III.F 13 and III.F 14

1. See footnote 1 to table II.Q 1.
2. See footnote 1 to table III.F 1.
3. See footnote 2 to table III.F 1.
4. See footnote 3 to table III.F 1.

Table III.F 16

1. See footnote 1 to table II.Q 1.

Tables III.F 17 and III.F 18

1. See footnote 2 to table II.Q 1.
2. See footnote 1 to table III.F 1.
3. See footnote 2 to table III.F 1.
4. See footnote 3 to table III.F 1.

Tables III.F 20 and III.F 22

1. See footnote 2 to table II.Q 1.

Table III.F 24

1. For industry classification, each foreign affiliate was required to disaggregate its sales by three-digit International Surveys Industry code;

the affiliate was then classified in the industry in which its sales were largest. When sales are disaggregated by industry of affiliate, total sales of a given affiliate are shown in the single industry in which the affiliate was classified; when disaggregated by industry of sales, they are distributed among all the industries in which the affiliate reported sales—that is, sales associated with each industry of sales are shown in that industry regardless of the affiliate's industry of classification.

2. In the breakdown of foreign affiliates' sales by industry of sales, only the five largest sales categories had to be specified. If an affiliate had sales in more than five industries, the distribution of its sales in the specified industries would have covered less than 100 percent of its total sales. Sales in all unspecified industries combined are shown in this column.

Tables III.G 1, III.G 2, and III.G 5

1. See footnote 1 to table II.R 1.
2. See footnote 2 to table II.R 1.
3. Equals taxes other than income and payroll taxes plus production royalty payments to governments less subsidies received.

Tables III.G7, III.G8, and III.G9

1. See footnote 1 to table II.R1.

Tables III.J3 and III.J12

1. Measures expenditures for research and development conducted by the affiliates, whether for themselves or for others under contract. Excludes expenditures for research and development conducted by others for affiliates under contract.