

Macro Roundup Article

Headline: [The Changing Firm and Country Boundaries of US Manufacturers in Global Value Chains](#)

Article Link: <https://www.nber.org/papers/w31319>

Author(s)	Teresa Fort
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Tweet: Detailed analysis by @Tfpiasecki shows that American manufacturing firms have not fully substituted foreign for domestic production, but rather supplement their domestic efforts with foreign production.

Summary: The first row of Table 1 presents the number of US firms that manufacture in-house in 2007 across these four categories. Of the 243,700 US manufacturing firms, only 1,700 have majority-owned foreign establishments (columns 2 to 4). Among these multinationals, 1,200 firms own US and foreign manufacturing plants, versus 350 firms with just domestic plants, and only 150 firms with exclusively foreign in-house manufacturing. Firms with both domestic and foreign manufacturing plants are thus the most prevalent type of US multinational manufacturing enterprise. Panel A of Table 1 presents total sales for these firms. Panel B shows that transnational manufacturers - those that perform in-house physical transformation activities in the United States and abroad - employ more workers than all other firm types, with just over half of these workers employed at their US plants. Firms that manufacture exclusively in foreign plants employ less than one million workers worldwide and account for just 2.5 percent of all US manufacturing firms' global employment.

Primary Topic: Trade (not deficits)

Topics: Academic paper, Data, GDP, Trade (not deficits)

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