

Macro Roundup Article

Headline: [Are Western Companies Becoming Less Global?](#)

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Tweet: The foreign sales of American firms have grown 2% a year since 2010 relative to 8% annually in the previous decade. American multinational's sales were flat in China btw 2017-2020 during the same period they grew 6% annually in India. @TheEconomist

Summary: Since 2010 the foreign sales of listed American and European companies have grown by a meager 2% per year, down from 8% in the 2000s and 10% in the 1990s. Look across all industries, and China is responsible for less than one-eighth of Western firms' foreign revenues, according to Morgan Stanley, an investment bank—a much smaller share than American and European sales across the Atlantic or to the rest of the emerging world. Only 8% of European companies' total revenues come from China. For their American counterparts, the figure is 4%. According to bea figures, American multinationals' sales in China were flat between 2017 and 2020. In India they grew by 6% a year in the same period. Western multinationals are, then, becoming somewhat less Chinese. Between 1990 and 2021 the average return on equity of American and European listed companies with less than \$1bn in sales fell from 8% to 4%. That for firms with revenues of \$10bn or more rose from 12% to 18%. And being big is easier if you are international. In 2021 American and European listed companies with \$10bn-plus in revenue generated 43% of their sales abroad on average, compared with just 32% for those with sales below \$1bn. Global reach is, in other words, more important than ever.

Primary Topic: Institutional Capabilities

Topics: Factoid, Institutional Capabilities, News article, Trade (not deficits)

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