

Introduction

This publication presents preliminary statistics on the worldwide activities of U.S. multinational enterprises (MNEs) from the 2014 benchmark survey (or census) of U.S. direct investment abroad, conducted by the Bureau of Economic Analysis (BEA). These statistics constitute one element of BEA's statistics on the activities of multinational enterprises (AMNE); they are also known as outward AMNE statistics.¹ Benchmark surveys, which are conducted every 5 years, are BEA's most comprehensive surveys of U.S. direct investment abroad, in terms of both the number of companies covered and the amount of information gathered. Statistics from the 2014 survey, like previous benchmark and annual surveys, covered the entire universe of U.S. direct investment abroad.

A U.S. MNE is a business enterprise that consists of a U.S. parent and its foreign affiliates. A U.S. parent is a U.S. person that has direct investment—that is, a 10-percent-or-more ownership interest—in a foreign business enterprise. A U.S. parent is a *person* in the broad legal sense defined to include a business enterprise, a religious, charitable, or other nonprofit organization, an individual, a government, an estate or trust, or another organization. In fact, almost all U.S. parents are business enterprises. A U.S. parent comprises the fully consolidated domestic operations of a U.S. MNE, covering operations in the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and all other U.S. areas.

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—directly or indirectly—10 percent or more of the voting securities or the equivalent. Foreign affiliates comprise the foreign operations of a U.S. MNE over which the parent is presumed to have a degree of managerial influence.

Statistics for foreign affiliates are presented for two categories of foreign affiliates: (1) all foreign affiliates and (2) majority-owned foreign affiliates (MOFAs), which are those that are owned more than 50 percent by their U.S. parent. The amount of data collected for foreign affiliates in the survey differed depending on whether the foreign affiliates were majority-owned or minority-owned.² The statistics are available in greater detail for MOFAs because some data items in this survey are collected only for MOFAs. The focus on MOFAs allows the statistics on foreign affiliates to be placed on the same basis as the statistics on U.S. parents, which are defined to include all majority-owned domestic operations of the parent.

More broadly, the focus on MOFAs facilitates efforts to evaluate the consequences to the economies of the United States and foreign host countries of the actions of U.S. MNEs. An understanding of the actions of these companies is aided by a conceptual framework in which an economic actor *controls* the global activities of an MNE; majority-ownership guarantees that control exists.

1. AMNE statistics comprise annual statistics on the activities of U.S. MNEs (outward AMNE statistics) and on the activities of U.S. affiliates of foreign MNEs (inward AMNE statistics).

2. Affiliates that are 50-percent owned by their U.S. parents are included in the minority-owned group.

The statistics in this publication provide a comprehensive look at the activities—that is, the finances and operations—of U.S. MNEs. Data items include balance sheet details, such as assets and liabilities. Other data items include information on employment and employee compensation, sales, capital expenditures, trade in goods, research and development (R&D) expenditures, and value added. Statistics from BEA provide comprehensive and reliable information needed to monitor, assess the impact of, and guide U.S. policy on U.S. direct investment abroad. They can be used to evaluate the consequences of the actions of U.S. MNEs to the economies of the United States and foreign host countries. These statistics give a detailed picture of the levels and growth of U.S. direct investment abroad, as well as its distribution by industry and by country.

U.S. MNE activities in the United States and abroad

The statistics on the activities of U.S. MNEs cover the entire operations, both domestic and foreign, of U.S. MNEs. The domestic activities are represented by the operations of the U.S. parents, and the foreign activities are represented by the operations of the foreign affiliates.

For selected statistics, including value added, employment, employee compensation, capital expenditures, and R&D expenditures, values for U.S. parents can be summed together with values for all affiliates or for MOFAs to arrive at an aggregate total value for U.S. MNEs. This summation can be used to examine the domestic and foreign split in the MNE worldwide activities. Comparisons by industry should be done using statistics by industry of U.S. parent so that the two series are classified on a consistent basis.

For other statistics, including sales and assets, an MNE-wide total cannot be calculated because adding values for U.S. parents and foreign affiliates would result in duplication from transactions within the MNE.

Comparability of U.S. parent statistics with all U.S. statistics

Measures of production and productive capacity of U.S. parents can be compared to statistics on all-U.S. private businesses to gauge the share of U.S. economic activity accounted for by U.S. parents. These data items include employment, employee compensation, value added, capital expenditures, and R&D expenditures.

For employment, comparable statistics at the aggregate (all-industries) level for all U.S. private industry are available from BEA's national income and product accounts (NIPAs) in line 3 (*private industries*) of table [6.4D Full-Time and Part-Time Employees by Industry](#). However, these statistics will not be fully comparable at the level of individual industries because the underlying source data are collected at different levels. NIPA employment data are collected on an industry

of establishment basis, while the AMNE data are collected on an industry of enterprise basis. The industrial classification of U.S.-parent employment is based on the *principal* product—including services—sold by *all* of their establishments combined. Because the establishments of large enterprises are usually classified in several industries, the distributions of data by industry of establishment can differ significantly from those by industry of enterprise. An enterprise may consist of several establishments in a variety of industries. In the NIPAs, each establishment’s employment would contribute to its own industry’s employment total; in the AMNE statistics, every one of an enterprise’s establishments would contribute to the employment total for the same industry.³

For employee compensation, comparable statistics at the aggregate level for all U.S. private industry are available from BEA’s NIPAs in line 3 (*private industries*) of table **6.2D Wages and Salaries by Industry**. As with statistics for employment, statistics at the industry level on employee compensation for all U.S. private industries in table 6.2D are by industry of establishment and are not entirely comparable to the statistics for U.S. parents.

For value added, comparable statistics at the aggregate level for all U.S. private industries are available from BEA’s gross domestic product by industry accounts in line 2 (*private industries*) of the **Value Added by Industry** table. As with statistics at the industry level for employment and employee compensation, statistics on value added for all U.S. private industries are by industry of establishment and are not entirely comparable to the statistics for U.S. parents.

Statistics on capital expenditures by U.S. parents are comparable to the statistics for all U.S. companies from the Census Bureau’s Annual Capital Expenditures Survey (ACES), **table 4a, Capital Expenditures for Structures and Equipment for Companies with Employees by Industry**. The ACES statistics are by industry of the capital expenditures, which may differ from the industry of the enterprise, so these statistics are not entirely comparable at the industry level to the statistics for U.S. parents.

Statistics on R&D expenditures by U.S. parents are comparable to the statistics on U.S. business domestic research and development and innovation available from the **National Science Foundation (NSF)**. Comparisons by industry are imprecise due to differences in the industry classification. The industry classification of U.S. parents in the AMNE statistics is based on their primary industry of sales, whereas the industry classification of R&D-performing U.S. companies in the NSF statistics is based on the company’s dominant industry code for domestic R&D performance.

3. The benchmark survey also collects employment by industry of sales. This industry distribution more closely approximates an industry of establishment distribution, so they are more comparable to the by-industry NIPA employment statistics. U.S. parent employment statistics on this basis will be published next year with the revised benchmark statistics.

Comparability of foreign affiliate statistics with foreign host economy statistics

Value added statistics on MOFAs by country can be compared to statistics on gross domestic product in private industries for their respective foreign host countries. GDP by industry statistics for foreign countries are available from the [United Nations](#).⁴

Comparability of U.S. MNE statistics on trade in goods with total U.S. trade in goods

Trade in goods statistics for U.S. MNEs can be compared to total U.S. trade in goods to gauge the share of total U.S. trade in goods accounted for by U.S. MNEs. As global firms, MNEs export and import both final and intermediate goods.

The concepts and definitions underlying the data collected in the benchmark survey on trade in goods are nearly identical to those used for the data on total U.S. trade in goods compiled by the [Census Bureau](#). However, there are some measurement differences between the MNE trade data and the total U.S. trade in goods. One of these differences is in how trade in goods is reported. The benchmark survey trade data are survey responses based on company records, whereas the Census Bureau data are compiled from export and import documents filed by shippers with the U.S. Bureau of Customs and Border Protection on individual transactions.⁵ The timing, valuation, origin or destination, shipper, and product involved in a given transaction may be recorded differently on company records than on these export and import documents.

Trade between U.S. parents and their foreign affiliates is referred to as *intra-MNE trade*; trade between U.S. parent companies and foreigners other than their own foreign affiliates and trade between foreign affiliates and U.S. residents other than their own parents are referred to as *MNE trade with others*. U.S. MNE-associated trade in goods consists of all U.S. exports and U.S. imports of goods that involve U.S. parents or their foreign affiliates and is the sum of *intra-MNE trade* and *MNE trade with others*.

Overlap of outward and inward AMNE statistics

Along with outward AMNE statistics, BEA also publishes inward AMNE statistics—that is, statistics on the activities of U.S. affiliates of foreign MNEs—based on BEA surveys of foreign direct investment in the United States. These two sets of statistics partly overlap, as some U.S. companies are both foreign-owned and own foreign affiliates; these U.S. companies are included in both the inward and outward statistics. Like the outward AMNE statistics, the inward AMNE statistics are published annually and are based on benchmark surveys conducted once every five years and annual surveys conducted in the intervening years. The most recent benchmark inward AMNE statistics were for 2012.⁶

4. GDP statistics by country are available from the [World Bank](#) and the [UN](#).

5. See the [U.S. Census Web site](#) for further information on the collection and publication of trade statistics.

6. For additional information, see [BEA's Web site](#) on direct investment and multinational enterprises (MNEs).

Data collection and universe estimation

The 2014 benchmark survey collected detailed information on the activities of U.S. parents and their foreign affiliates, which are covered in this publication, and on the transactions and positions between parents and their affiliates, which are not covered in this publication. A comprehensive final report on the 2014 benchmark survey will be published next year and will include statistics on transactions and positions between affiliates and parents as well as revised and more detailed statistics on the overall activities of affiliates and parents.

Data on U.S. parents were reported on the BE-10A survey form. The amount of data collected depended on the size of the parent company. A complete form was required for U.S. parents with assets, sales, or net income (or loss) greater than \$300 million. To minimize burden on survey respondents, smaller parents were required to report only certain key items. For these parents, BEA imputed the other items that appear on the BE-10A survey form, so that the results are presented in the same detail for all U.S. parents.

Data on every foreign affiliate were reported in the benchmark survey for 2014 using one of three forms: BE-10B, BE-10C, or BE-10D. (1) A full BE-10B form was required for MOFAs with assets, sales, or net income (or loss) greater than \$300 million. To minimize burden on survey respondents, only a partial BE-10B form was required for MOFAs with assets, sales, or net income (or loss) greater than \$80 million but not more than \$300 million. For these affiliates, BEA imputed the items that are reported only for larger affiliates, so that the results are presented in the same detail for all MOFAs. (2) A BE-10C form, which is less detailed than the full or partial BE-10B form, was required for all MOFAs with assets, sales, or net income (or loss) greater than \$25 million but not more than \$80 million. The BE-10C form was also required for minority-owned foreign affiliates that had total assets, sales, or net income (or loss) greater than \$25 million. (3) A BE-10D form, which is less detailed than the BE-10B or BE-10C forms, was required for foreign affiliates that had total assets, sales, or net income (or loss) not greater than \$25 million. Estimates of items that appear on the B form, but do not appear on the C and D forms, are imputed for MOFAs on C- and D-forms, but are not prepared for minority-owned affiliates. Similarly, estimates of items that appear on the C form, but do not appear on the D form, are imputed for minority-owned affiliates D-form filers. Therefore, the statistics for all affiliates (majority-owned plus minority-owned affiliates) cover only the items that are on the less detailed C form, excluding the MOFA-only items on the B form.

BEA imputed the data for any delinquent parents and their foreign affiliates by extrapolating forward their data from earlier years on the basis of the year-to-year movement in the data reported for other parents and affiliates.

The AMNE statistics from the 2014 benchmark survey extend annual statistics that begin with the year 1982 and are derived from both annual and benchmark surveys.⁷ In addition, these benchmark statistics will be used in preparing annual

7. Statistics for nonbenchmark survey years from BEA's annual surveys provide information similar to that provided in the statistics for benchmark survey years, but are less detailed.

AMNE statistics in subsequent nonbenchmark years. The annual estimates are derived by combining the data reported in the responses from a sample of foreign affiliates and their U.S. parents with estimates for foreign affiliates and U.S. parents not in the sample. BEA imputes the data for those exempt affiliates and parents, and for delinquent non-exempt affiliates and parents, by extrapolating forward their data from the benchmark survey using the year-to-year movement in the data reported for other affiliates and parents in the annual surveys.

Comparability to previous publications

The concepts and definitions underlying the 2014 statistics are mostly the same as those used for the 2009 benchmark survey. However, the industry classifications used in the 2014 benchmark survey are based on the [2012 North American Industry Classification System \(NAICS\)](#). For most industries, the classifications under this new system are identical to those in the 2007 NAICS-based industry classification system that was used in the benchmark and annual surveys for 2009–2013. Except for the change in industrial classification, the concepts and definitions that underlie these statistics are very similar to those used for BEA's 2009 benchmark surveys.⁸ They are described in [U.S. Direct Investment Abroad: 2009 Final Benchmark Data](#).

In addition, following a change introduced in the 2007 Annual Survey of U.S. Direct Investment Abroad and continued in the following surveys, the survey data for 2014 cover U.S. MNEs in all industries, including banking. Previously, bank MNEs were exempt from filing survey reports in non-benchmark survey years, and, in benchmark surveys, they reported on a separate bank form that was less detailed than the forms filed by nonbank MNEs. Thus, before the 2007 annual survey, all of the tabulated statistics on MNE operation in non-benchmark survey years, as well as most of the statistics in benchmark survey years, covered non-bank MNEs only. Beginning with the [2009 benchmark survey](#), the nonbank units of U.S. banks (including bank and financial holding companies) were consolidated in the reports of the banks that owned them.⁹

Data users should be aware that the increase in most MNE activities from 2013 to 2014 partly reflects new reporting of many U.S. parents not previously known to BEA to be part of the direct investment universe. Although the new parents and affiliates were large in number, their operations were smaller than average for most measures of activity. The identification of these new parents was the result of BEA's efforts to identify and eliminate gaps in coverage through the benchmark survey. While it is common for new parents to be identified in benchmark surveys, the influx of newly identified parents in the 2014 survey was somewhat larger than in past benchmark surveys.¹⁰

8. The activities of multinational enterprises (AMNEs) statistics were referred to as financial and operating statistics in 2009.

9. For additional information on this consolidation, see [USDIA: Revised 2009 Benchmark Data Methodology](#).

10. For more information on the effects of this new reporting on the statistics, see [Improvements in Coverage for the 2014 Benchmark Survey](#).

Table organization

The amount and type of data collected for foreign affiliates in the survey differed, depending on whether the foreign affiliates were majority-owned or minority-owned. In this publication, statistics for foreign affiliates and for their U.S. parents are presented separately for two groups of entities: (1) All foreign affiliates and all U.S. parents (Group I),¹¹ and (2) majority-owned affiliates (Group II).

Each table is identified by an alphanumeric code consisting of (1) a Roman numeral (I or II) to indicate the group covered, (2) a capital letter to indicate the general subject matter, and (3) an Arabic numeral to indicate the specific subject matter of the table.¹² For example, table I.B 5 covers all foreign affiliates of all U.S. parents (Group I, to indicate the group covered) and is from the set of tables that covers affiliates' balance sheets (B, to indicate the general subject matter) and provides statistics specifically on total assets disaggregated by country and cross-classified by major industry (5, to indicate the specific subject matter of the table). If a given table is published for both affiliate groups, it will have the same letter and Arabic numeral designation to indicate that the general and specific subject matters of the tables are the same, but it will have different Roman numerals to indicate that a different grouping of affiliates is being covered. The table analogous to table I.B 5 (Group I, all foreign affiliates) is II.B 5. Table II.B 5 covers the same data, total assets disaggregated by country and cross-classified by major industry, but for a different group of affiliates—MOFAs (Group II).

The scheme used for the tables for 2014 is similar to that used for the tables for the 2009 benchmark and for 2010–2013.

Data availability

Detailed AMNE statistics for 1983–2014 are available on [BEA's Web site](#) along with information on and access to these statistics. Another way to access these data on BEA's Web site is by using the [interactive tables](#) (iTables).

Staff contacts

For additional information about the preliminary 2014 statistics, send email to internationalaccounts@bea.gov.

11. Formerly, there was a third group, majority-owned nonbank affiliates of nonbank U.S. parents (Group III). Beginning with the presentation of the 2009 benchmark survey results, the nonbank units of U.S. banks (including bank and financial holding companies) were consolidated in the reports of the banks that owned them. One table was provided in the 2009 benchmark report (Group III) as a bridge to the tables provided in earlier reports on nonbanks. That table was not included in any subsequent report.

12. In Group I, the tables in groups A to J contain foreign affiliate statistics and K to S, U.S. parent statistics.

General Notes to the Tables

- The statistics 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 2014.
- 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" 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. The U.S. parent is the fully consolidated U.S. domestic enterprise consisting of (1) the U.S. business enterprise whose voting securities are not owned more than 50 percent by another U.S. business enterprise, and (2) proceeding down each ownership chain from the U.S. business enterprise, any U.S. business enterprise (including Foreign Sales Corporations located within the United States) whose voting securities are more than 50 percent owned by the U.S. business enterprise above it. A U.S. parent comprises the domestic (U.S.) operations of a U.S. multinational enterprise.
- A "foreign affiliate" is a foreign business enterprise in which there is U.S. direct investment, that is, in which a U.S. person directly or indirectly owns or controls 10 percent of the voting securities or the equivalent. Foreign affiliates comprise the foreign operations of a U.S. multinational enterprise over which the U.S. parent is presumed to have a degree of managerial influence.
- A "majority-owned foreign affiliate" (MOFA) is a foreign affiliate in which the combined direct and indirect ownership interest of all U.S. parents exceeds 50 percent.
- Unless otherwise specified, 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.

- Not all tables show each country in a group or each industry in a group. For example, several European countries are often combined as “Other Europe,” and several industries are often combined as “Other industries.” For a list of these countries, see table I.A 1 or II.A 1. For the industries, see table I.A 2 or II.A 2; see also BEA’s *Guide to Industry and Foreign Trade Classifications for International Surveys*.
- The European Union (28) comprises Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.
- OPEC is the Organization of Petroleum Exporting Countries. In 2014, its members were Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.
- The “United Kingdom Islands, Caribbean” includes British Virgin Islands, Cayman Islands, Montserrat, and Turks and Caicos Islands.

All footnotes follow the last table.