



NEWS RELEASE



FOR WIRE TRANSMISSION: 8:30 A.M. EDT, FRIDAY, APRIL 17, 2009

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BEA 09-14

Summary Estimates for Multinational Companies: Employment, Sales, and Capital Expenditures for 2007

The following are advance summary estimates of the employment, capital spending, and sales activity of U.S. multinational companies (comprising both their U.S. and foreign operations) and the corresponding activity of foreign multinational companies in the United States.

U.S. multinational companies: U.S. and foreign operations

Reflecting increases in both U.S. and foreign activity, worldwide employment by U.S. multinational companies (MNCs) increased 2.9 percent in 2007, to 32.0 million workers, following a 2.6-percent increase in 2006. Employment in the United States by U.S. parent companies increased 1.6 percent, to 22.0 million workers, following a 1.4-percent increase. On a comparable basis, total private-industry employment in the United States increased 1.0 percent in 2007, following a 1.9-percent increase. The employment by U.S. parents accounted for almost one-fifth of total U.S. employment in private industries. Abroad, employment by the majority-owned foreign affiliates of U.S. MNCs increased 5.8 percent, to 10.0 million workers, following a 5.6-percent increase.

Worldwide capital expenditures by U.S. MNCs increased 8.0 percent in 2007, to \$645.6 billion, following an increase of 18.7 percent in 2006. Capital expenditures in the United States by U.S. parent companies increased 7.2 percent, to \$477.4 billion, following an increase of 18.1 percent. Capital expenditures abroad by their majority-owned foreign affiliates increased 10.2 percent, to \$168.2 billion, following a 20.7-percent increase.

Sales by U.S. parent companies increased 4.0 percent in 2007, to \$8,571.8 billion, following a 7.0-percent increase in 2006. Sales by their majority-owned foreign affiliates increased 14.8 percent, to \$4,726.9 billion, following a 10.5-percent increase.

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Employment in the United States by U.S. parent companies accounted for 69 percent of the worldwide employment of U.S. MNCs in 2007, down from 70 percent in 2006. The U.S.-parent share of the worldwide capital expenditures of U.S. MNCs in 2007 was 74 percent, down from 75 percent in 2006.

The U.S.-parent share of MNC activity can change for a number of reasons, and the changes do not uniformly correspond to either additions to, or subtractions from, employment and capital expenditures in the United States. Examples of factors other than production shifting that might be associated with a change in the parent and affiliate shares of MNC activity include different rates of economic growth in the United States and in specific markets where investment is occurring abroad, or the creation of new market opportunities abroad that cannot be served by exports from the United States. Additional discussion of data and analytical considerations may be found in “A Note on Patterns of Production and Employment by U.S. Multinational Companies,” in the March 2004 issue of the *Survey of Current Business*.

Foreign multinational companies: U.S. operations

Largely reflecting selloffs of foreign ownership shares in U.S. companies, employment in the United States by majority-owned U.S. affiliates of foreign MNCs decreased 1.1 percent in 2007, to 5.3 million workers, following an increase of 2.1 percent in 2006. The employment by affiliates accounted for 4.4 percent of total U.S. employment in private industries. Capital expenditures by these affiliates increased 9.6 percent in 2007, to \$177.7 billion, following a 23.4-percent increase in 2006. Sales by U.S. affiliates increased 5.5 percent, to \$2,962.5 billion, following an 11.9-percent increase.

Changes in the measures of activity of majority-owned U.S. affiliates of foreign companies may reflect a variety of factors, including not only changes in the operations of given firms, but also entries and exits from the universe of majority-owned U.S. affiliates. For example, the decline in employment by U.S. affiliates in 2007 largely reflected changes in ownership that resulted in exits of companies from the universe of majority-owned U.S. affiliates.

Revisions

The MNC estimates for 2006 presented in this release supercede preliminary estimates that were released in the second half of 2008. For U.S. parent companies, employment was revised down 0.5 percent, capital expenditures were revised up 0.6 percent, and sales were revised down 0.4 percent. For majority-owned foreign affiliates, employment was revised down 0.7 percent, capital expenditures were revised down 0.4 percent, and sales were revised down 0.1 percent. For majority-owned U.S. affiliates of foreign MNCs, employment was revised down 0.3 percent, capital expenditures were revised up 1.1 percent, and sales were revised up 0.5 percent.

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TECHNICAL NOTE

For the sixth consecutive year, the Bureau of Economic Analysis is releasing advance summary estimates of employment, sales, and capital expenditures by U.S. parent companies, by their foreign affiliates, and by U.S. affiliates of foreign MNCs. Estimates based on more complete source data, including country and industry detail, will be released later this year.

The estimates presented in this release were constructed from data collected by BEA in two distinct surveys of MNC operations: (1) a survey of U.S. MNCs that covers the operations of both U.S. parent companies and their foreign affiliates, and (2) a survey of the operations of U.S. affiliates of foreign MNCs. Because a U.S. parent company may itself be foreign-owned, there is some overlap between the data on U.S. parent companies and on U.S. affiliates; thus, to avoid duplication, data on U.S. parents and U.S. affiliates should not be added together to produce U.S. totals.

The statistics presented here pertain to nonbank U.S. parent companies and their majority-owned nonbank foreign affiliates, and to majority-owned nonbank U.S. affiliates of foreign MNCs. Statistics on all nonbank U.S. and foreign affiliates, including affiliates that are not majority-owned, will be released by BEA later this year. (In these series, “affiliates” are defined as businesses in which an investor of another country holds at least 10-percent ownership.) The most recent data show that nonbank foreign affiliates that were not majority-owned employed 1.4 million workers, and nonbank U.S. affiliates that were not majority-owned employed 0.5 million workers, in 2006.

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Data on bank parents and affiliates are currently only available from benchmark surveys, which are conducted once every five years. To close this gap in coverage, BEA has extended the coverage of its annual surveys of MNC operations to include banks, with an annual time series set to begin with data for 2007 that will be released later this year.

Based on data from the 2004 Benchmark Survey of U.S. Direct Investment Abroad, U.S. bank parents employed 1.3 million workers, and foreign affiliates of U.S. bank parents, plus bank affiliates of U.S. nonbank parents, together employed 0.4 million workers in 2004. The most recent data on U.S. affiliates in banking are for the benchmark-survey year 2002: These data show that U.S. affiliates that were banks employed 0.1 million workers in 2002. For both U.S. bank affiliates of foreign companies and foreign bank affiliates of U.S. companies, almost all of the employment was by majority-owned affiliates.

For both U.S. MNCs and U.S. affiliates of foreign MNCs, the estimates of employment cover the total number of full-time and part-time employees on the payroll at the end of the year. The estimates of sales cover gross sales minus returns, allowances and discounts, or gross operating revenues. The estimates of capital expenditures cover total expenditures on property, plant, and equipment (that is, expenditures for land and depreciable structures and equipment); they are gross of any sales, retirements, or transfers of previously owned tangible assets. Capital expenditures include spending for equipment that is leased or rented to others, which in some industries—such as automotive equipment rental and leasing—can be very large (the value of sales, retirements, or transfers in these industries also can be very large).

In addition to presenting data collected directly in its surveys of MNC operations, BEA uses data collected on costs incurred and profits earned in production to estimate the value added of U.S. parent companies, of majority-owned foreign affiliates, and of majority-owned U.S. affiliates of foreign companies. Value added estimates indicate the contribution of parents or affiliates to gross domestic product in the United States or in foreign host countries. The latest estimates of the value added of U.S. parent companies and majority-owned foreign affiliates, which are for the year 2006, are presented in "Operations of U.S. Multinational Companies in 2006" in the November 2008 issue of the *Survey of Current Business*. The latest estimates of the value added of majority-owned U.S. affiliates of foreign companies, which also are for 2006, are presented in "U.S. Affiliates of Foreign Companies: Operations in 2006," in the August 2008 issue of the *Survey*.

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers

(202) 606-5306 Gross domestic product
(202) 606-5303 Personal income and outlays

BEA's national, regional, international, and industry estimates, the *Survey of Current Business*, and BEA news releases are available on BEA's Web site at www.bea.gov. By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

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Table 1. Employment, Capital Expenditures, and Sales by Nonbank U.S. Multinational Companies, 1988-2007

| | Thousands of employees | | | Millions of dollars | | | | |
|---------------------------------|------------------------------|--------------|-----------------------------------|------------------------------|--------------|-----------------------------------|---------------------|-----------------------------------|
| | U.S. multinational companies | U.S. parents | Majority-owned foreign affiliates | Capital expenditures | | | Sales ^{1/} | |
| | | | | U.S. multinational companies | U.S. parents | Majority-owned foreign affiliates | U.S. parents | Majority-owned foreign affiliates |
| 1988 | 22,498.1 | 17,737.6 | 4,760.5 | 223,814 | 177,203 | 46,611 | 2,828,209 | 927,886 |
| 1989 | 23,879.4 | 18,765.4 | 5,114.0 | 260,488 | 201,808 | 58,680 | 3,136,837 | 1,019,966 |
| 1990 | 23,785.7 | 18,429.7 | 5,356.0 | 274,614 | 213,079 | 61,535 | 3,243,721 | 1,208,349 |
| 1991 | 23,345.4 | 17,958.9 | 5,386.5 | 269,221 | 206,290 | 62,931 | 3,252,534 | 1,242,635 |
| 1992 | 22,812.0 | 17,529.6 | 5,282.4 | 272,049 | 208,834 | 63,215 | 3,330,886 | 1,291,649 |
| 1993 | 22,760.2 | 17,536.9 | 5,223.3 | 271,661 | 207,437 | 64,224 | 3,480,778 | 1,275,775 |
| 1994 | 24,272.5 | 18,565.4 | 5,707.1 | 303,364 | 231,917 | 71,447 | 3,990,013 | 1,435,901 |
| 1995 | 24,499.7 | 18,576.2 | 5,923.5 | 323,616 | 248,017 | 75,599 | 4,235,578 | 1,693,836 |
| 1996 | 24,867.0 | 18,790.0 | 6,077.0 | 340,510 | 260,048 | 80,462 | 4,478,970 | 1,868,588 |
| 1997 | 26,358.0 | 19,878.0 | 6,480.0 | 398,037 | 309,247 | 88,790 | 4,886,330 | 1,972,515 |
| 1998 | 26,592.9 | 19,819.8 | 6,773.1 | 411,155 | 317,184 | 93,971 | 4,970,138 | 1,971,909 |
| 1999 ^{2/} | 30,772.6 | 23,006.8 | 7,765.8 | 483,032 | 405,895 | 113,304 | 5,975,478 | 2,218,945 |
| 2000 | 32,056.6 | 23,885.2 | 8,171.4 | 506,950 | 437,575 | 110,637 | 6,695,166 | 2,507,433 |
| 2001 | 30,929.2 | 22,735.1 | 8,194.1 | 524,215 | 450,021 | 110,758 | 6,800,777 | 2,524,459 |
| 2002 | 30,373.2 | 22,117.6 | 8,255.6 | 443,388 | 367,434 | 110,275 | 6,337,779 | 2,515,641 |
| 2003 | 29,347.0 | 21,104.8 | 8,242.2 | 425,068 | 334,751 | 109,588 | 6,543,937 | 2,865,226 |
| 2004 | 29,843.2 | 21,176.5 | 8,666.7 | 433,770 | 339,419 | 123,479 | 7,058,957 | 3,312,531 |
| 2005 | 30,270.4 | 21,341.9 | 8,928.5 | 503,678 | 377,182 | 126,496 | 7,704,133 | 3,728,619 |
| 2006 ^{3/} | 31,063.3 | 21,630.5 | 9,432.8 | 597,956 | 445,333 | 152,623 | 8,243,541 | 4,119,200 |
| 2007 ^{4/} | 31,964.4 | 21,981.3 | 9,983.1 | 645,592 | 477,390 | 168,202 | 8,571,810 | 4,726,882 |
| Percent change at annual rates: | | | | | | | | |
| 1988-2004 | 1.8 | 1.1 | 3.8 | 4.2 | 4.1 | 6.3 | 5.9 | 8.3 |
| 2004-2005 | 1.4 | 0.8 | 3.0 | 16.1 | 11.1 | 2.4 | 9.1 | 12.6 |
| 2005-2006 | 2.6 | 1.4 | 5.6 | 18.7 | 18.1 | 20.7 | 7.0 | 10.5 |
| 2006-2007 | 2.9 | 1.6 | 5.8 | 8.0 | 7.2 | 10.2 | 4.0 | 14.8 |

1. An MNC-wide total for sales is not provided because transactions among and within MNCs would be duplicated.

2. Break-in-series. (For details, see the technical note on page 121 of the December 2002 issue of the *Survey of Current Business* and the revisions box on page 26 of the November 2008 issue of the *Survey*.)

3. These estimates update those published in the November 2008 issue of the *Survey of Current Business*. (Those estimates, in turn, updated the advance summary estimates released on April 17, 2008.) Revised estimates based on more complete source data will be released later this year.

4. Advance estimates. Preliminary estimates based on more complete source data will be released later this year.

NOTE: The statistics presented in this table cover nonbank U.S. MNCs only.

Table 2. U.S.-Parent Share of Selected Measures of the Operations of Nonbank U.S. Multinational Companies, 1988-2007

[Percent]

| | Employment | Capital expenditures |
|---------------|------------|----------------------|
| 1988 | 78.8 | 79.2 |
| 1989 | 78.6 | 77.5 |
| 1990 | 77.5 | 77.6 |
| 1991 | 76.9 | 76.6 |
| 1992 | 76.8 | 76.8 |
| 1993 | 77.1 | 76.4 |
| 1994 | 76.5 | 76.4 |
| 1995 | 75.8 | 76.6 |
| 1996 | 75.6 | 76.4 |
| 1997 | 75.4 | 77.7 |
| 1998 | 74.5 | 77.1 |
| 1999 | 74.8 | 84.0 |
| 2000 | 74.5 | 86.3 |
| 2001 | 73.5 | 85.8 |
| 2002 | 72.8 | 82.9 |
| 2003 | 71.9 | 78.8 |
| 2004 | 71.0 | 78.2 |
| 2005 | 70.5 | 74.9 |
| 2006/1/ | 69.6 | 74.5 |
| 2007/2/ | 68.8 | 73.9 |

1. These estimates update those published in the November 2008 issue of the *Survey of Current Business*.

(Those estimates, in turn, updated the advance summary estimates released on April 17, 2008.) Revised estimates based on more complete source data will be released later this year.

2. Advance estimates. Preliminary estimates based on more complete source data will be released later this year.

NOTE: A U.S.-parent share for sales is not provided because an MNC-wide total for sales would contain duplication resulting from transactions among and within MNCs.

Table 3. Employment, Capital Expenditures, and Sales by Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988-2007

| | Thousands of employees | Millions of dollars | |
|---------------------------------|------------------------|----------------------|-----------|
| | | Capital Expenditures | Sales |
| 1988 | 3,119.0 | 42,355 | 739,128 |
| 1989 | 3,573.4 | 51,490 | 863,538 |
| 1990 | 3,841.7 | 61,812 | 995,013 |
| 1991 | 3,991.3 | 60,097 | 1,008,388 |
| 1992 | 3,903.9 | 52,787 | 1,049,942 |
| 1993 | 3,851.7 | 53,371 | 1,112,693 |
| 1994 | 3,954.0 | 60,317 | 1,210,837 |
| 1995 | 4,022.6 | 64,778 | 1,311,210 |
| 1996 | 4,155.6 | 77,890 | 1,423,715 |
| 1997 | 4,269.1 | 88,313 | 1,478,221 |
| 1998 | 4,669.5 | 109,365 | 1,622,946 |
| 1999 | 5,064.3 | 114,767 | 1,792,520 |
| 2000 | 5,656.5 | 112,986 | 2,051,878 |
| 2001 | 5,594.3 | 121,665 | 2,070,234 |
| 2002 | 5,425.4 | 111,373 | 2,030,962 |
| 2003 | 5,244.4 | 109,126 | 2,122,683 |
| 2004 | 5,131.5 | 112,369 | 2,292,931 |
| 2005 | 5,201.6 | 131,378 | 2,509,575 |
| 2006 /1/..... | 5,312.4 | 162,082 | 2,808,122 |
| 2007 /2/..... | 5,254.6 | 177,671 | 2,962,524 |
| Percent change at annual rates: | | | |
| 1988-2004 | 3.2 | 6.3 | 7.3 |
| 2004-2005 | 1.4 | 16.9 | 9.4 |
| 2005-2006 | 2.1 | 23.4 | 11.9 |
| 2006-2007 | -1.1 | 9.6 | 5.5 |

1. These estimates update those published in the August 2008 issue of the *Survey of Current Business*. (Those estimates, in turn, updated the advance summary estimates released on April 17, 2008.) Final estimates for 2006 will be released later this year.

2. Advance estimates. Preliminary estimates based on more complete source data will be released later this year.

NOTES: The statistics presented in this table cover nonbank affiliates only.

In contrast to the presentation in Table 1 for U.S. multinational companies (which includes statistics for U.S. parent companies), this table does not include statistics on foreign parent companies or totals for foreign multinational companies, because they are not covered in BEA's surveys.

Chart 1. U.S.-Parent Share of Employment by Nonbank U.S. Multinational Companies, 1988-2007

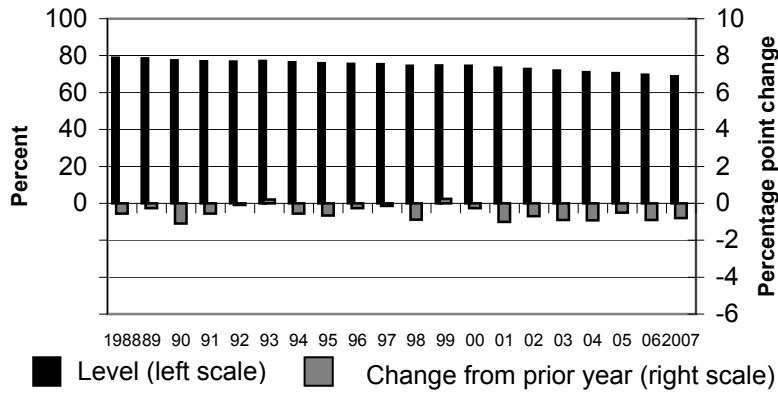


Chart 2. U.S.-Parent Share of Capital Expenditures by Nonbank U.S. Multinational Companies, 1988-2007

