

Globally Engaged American Companies Provide Many Benefits for American Workers and the American Economy

Strong global operations create American jobs, boost workers' wages, and raise America's standard of living.

Creating Jobs in the United States

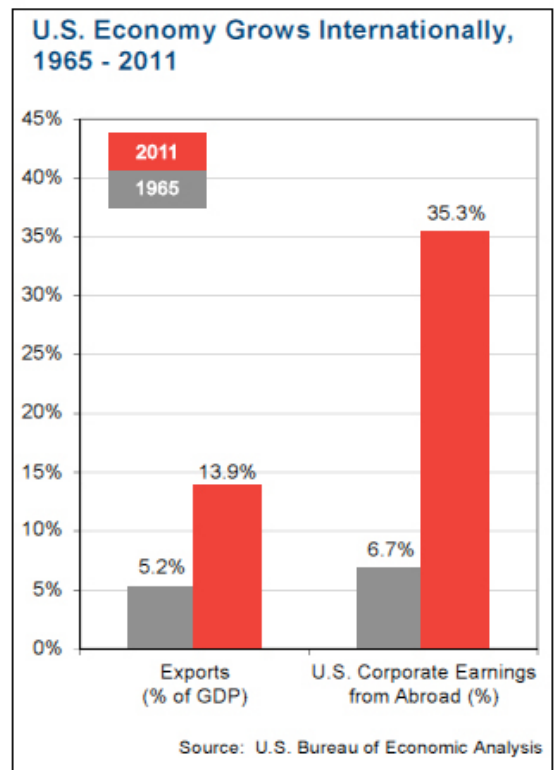
Globally engaged American companies are a key generator of jobs for America's workers

- Globally engaged American companies employed 22 million Americans in 2007. When measured by industry of the establishment, rather than industry of the parent, more than 6.1 million Americans in manufacturing, or 44% of all U.S. manufacturing employees, and 15.2 million Americans in service industries (including trade and transportation) work for these companies.
- Suppliers to globally engaged American companies and spending by their employees created an additional 41.2 million American jobs in 2007. Total employment generated by globally engaged American companies, both directly and indirectly, is 42% of total U.S. private employment.

Boosting Wages of American Workers

Higher productivity of globally engaged American companies leads to higher wages for American workers

- U.S. companies with overseas operations pay American workers more than comparable U.S. companies without such operations, controlling for industry, size, and location. Workers for globally engaged American companies are estimated to earn 10-15% more relative to workers employed by U.S. companies without overseas operations even after controlling for other factors.
- Because overseas affiliates of U.S. companies frequently rely on supplies exported by the U.S. parent, expansion abroad increases the demand for U.S. workers. As the typical globally engaged American company expands operations in its foreign affiliates, it is estimated that for each dollar of additional wages paid in the foreign affiliate, U.S. wages increase by \$1.84 as U.S. parent operations expand.
- A Federal Reserve Board study finds that globally engaged American companies are responsible for more than three-fourths of the increase in labor productivity in the nonfinancial corporate sector over the 1977-2000 period – and all of the labor productivity growth in the nonfinancial corporate sector in the late 1990s. Higher productivity results from greater use of advanced technology, organizational efficiency, and innovation spurred by R&D.



Raising Our Standard of Living by Boosting the U.S. Economy

Globally engaged American companies lead the way in investment, R&D, and exports

- Globally engaged American companies produced \$2.6 trillion of U.S. GDP in 2007, or 22% of all U.S. business output. Total production directly and indirectly generated by U.S. parent companies in the United States (including production by suppliers and production of goods and services purchased by employees of U.S. parent companies and their suppliers) is estimated to be \$6.0 trillion in 2007, or 50% of total private GDP.
- Globally engaged American companies invested \$438.3 billion in plant and equipment in the United States in 2010, or 33% of all private nonresidential investment.
- Harvard economist Martin Feldstein has estimated that each dollar of overseas investment by globally engaged American increases U.S. income by \$1.72 in present value.
- Globally engaged American companies undertook \$212.5 billion in R&D in the United States in 2010, accounting for 76% of all R&D by U.S. businesses. Globally engaged American companies perform more than 84% of their R&D in the United States, and a 10% increase in sales by overseas affiliates is estimated to increase U.S. R&D by their U.S. parents by nearly 5%.
- Nearly 70% of the worldwide employment and production more than 70% of worldwide investment of globally engaged American companies and their majority-owned overseas affiliates are in the United States.
- Globally engaged American companies are responsible for nearly half of all U.S. exports – \$615.3 billion in 2010. U.S. parent companies alone exported \$573.3 billion in goods in 2010, 45% of all U.S. merchandise exports. The remaining share of company-related exports is accounted for by exports to the overseas affiliates of U.S. companies by other American companies. It is estimated that a 10% increase in sales by overseas affiliates increases exports by U.S. parents to their overseas affiliates by 6.5%.
- Gross overseas income of globally engaged American companies represents 35% of total U.S. corporate profits in 2010. Across all globally engaged American companies, 56% of worldwide net income was earned by their overseas affiliates in 2010.
- An OECD study of developed countries finds that each dollar of outward foreign investment leads to \$2 of additional exports and increases the country's bilateral trade surplus by \$1.70.
- Another study by the National Bureau of Economic Research finds that each dollar of foreign investment by globally engaged American companies leads to \$3.50 in additional investment in the United States.

For a list of source documents and additional research, please see the Business Roundtable fact sheet, "Further Reading on International Tax Issues."

Let's maintain the foundation for sustained economic growth.