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Ralph Kozlow: (202) 606-9604 (analysis) BEA 04-16
Ray Mataloni: (202) 606-9867 (data)

Summary Estimates for Multinational Companies: Employment, Sales, and Capital Expenditures for 2002

U.S. multinational companies (MNCs) employed 30.6 million workers worldwide in 2002, of which 22.4 million were employed in the United States by U.S. parent companies and 8.2 million were employed abroad by majority-owned foreign affiliates. The employment of U.S. parents accounted for about one-fifth of total U.S. employment in private industries. Capital expenditures by U.S. MNCs totaled \$467.3 billion; U.S. parents accounted for \$350.6 billion and majority-owned foreign affiliates accounted for \$116.7 billion. Sales by U.S. parent companies totaled \$6,483.2 billion, and those by majority-owned foreign affiliates totaled \$2,656.8 billion.

Majority-owned U.S. affiliates of foreign MNCs employed 5.4 million workers in 2002, accounting for 5 percent of total U.S. employment in private industries. Capital expenditures by these affiliates totaled \$115.1 billion and their sales totaled \$2,052.7 billion.

For both U.S. MNCs and the majority-owned U.S. affiliates of foreign MNCs, employment decreased for the second consecutive year in 2002. Employment by U.S. MNCs decreased 1.5 percent in 2002, following a 3.0-percent decrease in 2001. U.S. parent companies more than accounted for the decreases in both years; their employment decreased 2.2 percent in 2002, following a 4.1-percent decrease in 2001. Employment by majority-owned foreign affiliates of U.S. MNCs increased 0.6 percent in 2002 and 0.1 percent in 2001. Employment by majority-owned U.S. affiliates of foreign MNCs decreased 3.0 percent in 2002, following a 0.7-percent decrease in 2001. The decreases for U.S. parents and U.S. affiliates mirrored decreases in total U.S. employment in private industries, which decreased 1.3 percent in 2002 following a slight decrease in 2001. Sales and capital expenditures of U.S. MNCs and majority-owned U.S. affiliates also decreased in 2002.

Worldwide employment and capital expenditures of U.S. MNCs remained concentrated in the United States in 2002: U.S. parents accounted for about three-quarters, and majority-owned foreign affiliates for about one-quarter, of their combined employment and capital expenditures. Although these shares remained high, they were several percentage points below their 1988 values. 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 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, the creation of new market opportunities abroad that cannot be served by exports from the United States, and changes in the foreign-currency value of the U.S. dollar. Additional discussion of data and analytical considerations may be found in an article published in the March 2004 issue of the Survey of Current Business (see box below).

Accelerated Release of the MNC Estimates

As part of ongoing efforts by the Bureau of Economic Analysis to improve the timeliness of its estimates, this year, BEA has accelerated the release of summary estimates for 2002 of employment, sales, and capital expenditures by U.S. parent companies, by their foreign affiliates, and by U.S. affiliates of foreign MNCs. These estimates complement or update estimates that appear in an article in the March 2004 issue of the Survey of Current Business, "A Note on Patterns of Production and Employment by U.S. Multinational Companies." Estimates based on more complete source data, including country and industry detail, will be released later this year.

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TECHNICAL NOTE

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 duplication 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 estimates 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. Data on all nonbank U.S. and foreign affiliates, including affiliates that are not majority-owned, will be presented in the Survey of Current Business

later this year. The most recent data show that nonbank foreign affiliates that were not majority-owned employed 1.6 million workers, and nonbank U.S. affiliates that were not majority-owned employed 0.7 million workers, in 2001. Data on banks are collected only in benchmark years. The most recent data on U.S. parents and foreign affiliates in banking were presented in U.S. Direct Investment Abroad: Final Results from the 1999 Benchmark Survey. These data show that U.S. bank parents employed 1.0 million workers, and that bank and nonbank foreign affiliates of U.S. bank parents, plus bank affiliates of U.S. nonbank parents, together employed 0.2 million workers in 1999. The most recent data on U.S. affiliates in banking were presented in Foreign Direct Investment in the United States: Final Results from the 1997 Benchmark Survey. These data show that U.S. affiliates that were banks employed 0.1 million workers in 1997. Data from the 2002 benchmark survey of foreign direct investment in the United States are scheduled to be released later this year.

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 gross product (or value added) of U.S. parent companies, of majority-owned foreign affiliates, and of U.S. affiliates of foreign companies. Gross product 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 gross product of U.S. parent companies and majority-owned foreign affiliates, which cover the year 2001, are presented in "U.S. Multinational Companies: Operations in 2001," in the November 2003 issue of the Survey of Current Business. The latest estimates of the gross product of U.S. affiliates of foreign companies, which also cover 2001, are presented in "U.S. Affiliates of Foreign Companies: Operations in 2001," in the August 2003 issue of the Survey of Current Business.

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BEA's major national, regional, international, and industry estimates, the Survey of Current Business, and BEA news releases are available on BEA's Web site:

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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
(202) 606-5362 U.S. international transactions

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: (202) 512-1800; fax: (202) 512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

Table 1. Employment, Capital Expenditures, and Sales by Nonbank U.S. Multinational Companies, 1988-2002

	Thousands of employees			Millions of dollars				
	U.S. multinational companies	U.S. parents	Majority-owned foreign affiliates	Capital expenditures/1/			Sales/2/	
				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
1999/3/	30,772.6	23,006.8	7,765.8	483,032	369,728	113,304	5,975,478	2,218,945
2000	32,056.6	23,885.2	8,171.4	506,950	396,313	110,637	6,695,166	2,507,433
2001/4/	31,087.9	22,907.0	8,180.9	533,325	422,303	111,022	6,786,610	2,614,080
2002/5/	30,633.9	22,400.3	8,233.6	467,278	350,582	116,695	6,483,192	2,656,834
Percent change at annual rates:								
1988-1999	2.9	2.4	4.5	7.2	6.9	8.4	7.0	8.2
1999-2000	4.2	3.8	5.2	5.0	7.2	-2.4	12.0	13.0
2000-2001	-3.0	-4.1	0.1	5.2	6.6	0.3	1.4	4.3
2001-2002	-1.5	-2.2	0.6	-12.4	-17.0	5.1	-4.5	1.6

1. Total expenditures for property, plant, and equipment.

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

3. Break-in-series. (See the technical note on page 121 of the December 2002 issue of the Survey of Current Business for details.)

4. These estimates update those published in the November 2003 and March 2004 issues of the Survey of Current Business.

Revised estimates based on more complete source data are scheduled to be released later this year.

5. Advance estimates. Preliminary estimates based on more complete source data are scheduled to be released later this year.

NOTE: The data presented in this table cover nonbank U.S. MNCs only. Bank parents and affiliates, which report extensive data to other U.S. Government agencies, are not required to report in BEA's annual surveys of the operations of U.S. MNCs. Some limited data on the operations of bank parents and affiliates (including employment and sales) are reported in benchmark surveys of U.S. direct investment abroad conducted by BEA every five years. The latest benchmark survey results cover the year 1999.

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

[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	76.5
2000	74.5	78.2
2001/1/	73.7	79.2
2002/2/	73.1	75.0

1. These estimates update those published in the November 2003 and March 2004 issues of the Survey of Current Business. Revised estimates based on more complete source data are scheduled to be released later this year.

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

Table 3. Employment, Capital Expenditures, and Sales by Majority-Owned Nonbank U.S. Affiliates of Foreign Companies, 1988-2002

	Thousands of employees	Millions of dollars	
		Capital Expenditures ^{1/}	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
2001/2/	5,618.0	121,762	2,071,240
2002/3/	5,449.0	115,127	2,052,662
Percent change at annual rates:			
1988-1999	4.5	9.5	8.4
1999-2000	11.7	-1.6	14.5
2000-2001	-0.7	7.8	0.9
2001-2002	-3.0	-5.4	-0.9

1. Total expenditures for property, plant, and equipment.

2. These estimates update those published in the August 2003 issue of the Survey of Current Business. Revised estimates based on more complete source data are scheduled to be released later this year.

3. Advance estimates. Preliminary estimates based on more complete source data are scheduled to be released later this year.

NOTES: The data presented in this table cover nonbank affiliates only. Bank affiliates, which report extensive data to other U.S. Government agencies, are not required to report in BEA's annual surveys of the operations of U.S. affiliates of foreign companies. Some limited data on the operations of bank affiliates (including employment and sales) are reported in benchmark surveys of foreign direct investment in the United States conducted by BEA every five years. Selected data on bank affiliates from the 2002 benchmark survey are scheduled to be released later this year.

In contrast to the presentation in Table 1 for U.S. multinational companies (which includes data for U.S. parent companies), this table does not include data 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, 1988-2002

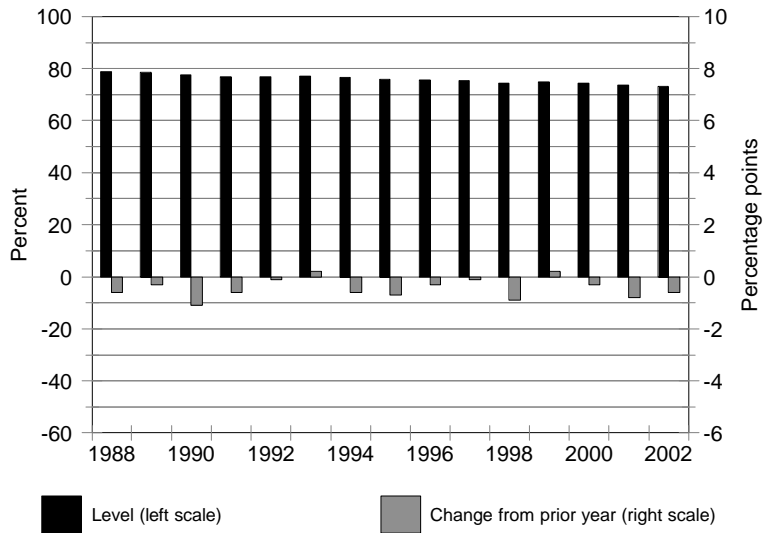


Chart 2. U.S.-Parent Share of Capital Expenditures by Nonbank U.S. Multinational Companies, 1988-2002

