



# NEWS RELEASE



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Raymond Mataloni:

(202) 606-9867

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## **Summary Estimates for Multinational Companies: Employment, Sales, and Capital Expenditures for 2009**

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**

Worldwide employment by U.S. multinational companies (MNCs) decreased 4.1 percent in 2009, to 31.3 million workers, with decreases in both the United States and abroad. Employment in the United States by U.S. parent companies decreased 5.3 percent, to 21.1 million workers, which mirrored the percent change in total private-industry employment in the United States. 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 decreased 1.5 percent, to 10.3 million workers.

Worldwide capital expenditures by U.S. MNCs decreased 20.6 percent in 2009, to \$544 billion. Capital expenditures in the United States by U.S. parent companies decreased 20.7 percent, to \$395 billion. Capital expenditures abroad by their majority-owned foreign affiliates decreased 20.2 percent, to \$150 billion.

Sales by U.S. parent companies decreased 15.9 percent in 2009, to \$7,819 billion. Sales by their majority-owned foreign affiliates decreased 10.9 percent, to \$4,885 billion.

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Employment in the United States by U.S. parent companies accounted for 67 percent of the worldwide employment of U.S. MNCs in 2009, down from 68 percent in 2008. The U.S.-parent share of the worldwide capital expenditures of U.S. MNCs in 2009 was 73 percent, which was unchanged from 2008.

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. These issues are discussed in annual articles on U.S. MNC operations in the *Survey of Current Business*.<sup>1</sup>

### **Foreign multinational companies: U.S. operations**

Employment in the United States by majority-owned U.S. affiliates of foreign MNCs decreased 7.9 percent in 2009, to 5.2 million workers, compared with a 5.3 percent decrease in U.S. private industry employment. U.S. affiliates accounted for 4.7 percent of U.S. private industry employment in 2009, down from 4.8 percent in 2008. Capital expenditures by these affiliates fell by 15.6 percent to \$159 billion, and sales fell by 15.7 percent to \$2,963 billion.

Changes in the measures of activity of majority-owned U.S. affiliates of foreign companies may reflect a variety of factors, including entries to and exits from the universe of majority-owned U.S. affiliates, as well as changes in the operations of continuing affiliates. In 2009, the overall declines in employment, capital expenditures, and sales for majority-owned affiliates largely reflected reductions in continuing-affiliate operations.

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<sup>1</sup> See “U.S. Multinational Companies: Operations in the United States and Abroad in 2008,” in the August 2010 issue of the *Survey*. 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*.

## Revisions

The MNC statistics for 2008 presented in this release supercede preliminary statistics that were released in the second half of 2010. For U.S. parent companies, employment was revised down 0.9 percent, capital expenditures were revised down 0.1 percent, and sales were revised down 0.8 percent. For majority-owned foreign affiliates, employment was revised down 1.5 percent, capital expenditures were revised up 0.1 percent, and sales were revised down 0.5 percent. For majority-owned U.S. affiliates of foreign MNCs, employment was revised up 1.0 percent, capital expenditures were revised up 0.3 percent, and sales were revised up 1.9 percent.

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## TECHNICAL NOTE

Each year, the Bureau of Economic Analysis releases advance summary statistics of employment, sales, and capital expenditures by U.S. parent companies, by their foreign affiliates, and by U.S. affiliates of foreign MNCs. Statistics based on more complete source data, including country and industry detail, will be released later this year.

The statistics 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. The survey of U.S. MNCs for 2009 was a benchmark survey, which is more comprehensive both in terms of companies covered and information collected than the surveys conducted in non-benchmark years. Because benchmark survey processing is ongoing, information from other sources was used in combination with survey data to construct the estimates for U.S. parent companies and foreign affiliates for 2009.

A U.S. parent company may itself be foreign-owned, so 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.

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The statistics presented here pertain to U.S. parent companies and their majority-owned foreign affiliates, and to majority-owned U.S. affiliates of foreign MNCs. Statistics on all 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 voting ownership.) The most recent data show that foreign affiliates that were not majority owned employed 2.1 million workers, and U.S. affiliates that were not majority owned employed 0.7 million workers in 2008.

For both U.S. MNCs and U.S. affiliates of foreign MNCs, employment covers the total number of full-time and part-time employees on the payroll at the end of the year. Sales cover gross sales minus returns, allowances and discounts, or gross operating revenues. 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 indicates the contribution of parents or affiliates to gross domestic product in the United States or in foreign host countries. The latest statistics for the value added of U.S. parent companies and majority-owned foreign affiliates, which are for the year 2008, are presented in "Operations of U.S. Multinational Companies in 2008" in the August 2010 issue of the *Survey of Current Business*. The latest statistics for the value added of majority-owned U.S. affiliates of foreign companies, which also are for 2008, are presented in "U.S. Affiliates of Foreign Companies: Operations in 2008," in the November 2010 issue of the *Survey*.

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Table 1. Employment, Capital Expenditures, and Sales by U.S. Multinational Companies for Selected Years

	Millions of employees				Billions of dollars					
	U.S. multinational companies		Majority-owned foreign affiliates		Capital expenditures		Sales/1/		Majority-owned foreign affiliates	
	U.S. multinational companies	U.S. parents	Majority-owned foreign affiliates	U.S. multinational companies	U.S. parents	Majority-owned foreign affiliates	U.S. parents	Majority-owned foreign affiliates		
1989 .....	24.8	19.6	5.2	n.a.	n.a.	n.a.	3,329.4	1,093.8		
1994 .....	25.1	19.3	5.8	n.a.	n.a.	n.a.	4,148.6	1,494.9		
1999/2/ .....	31.9	24.0	7.9	n.a.	n.a.	n.a.	6,271.5	2,306.7		
2004 .....	31.5	22.4	9.0	n.a.	n.a.	n.a.	7,523.0	3,442.3		
2007 .....	33.2	22.8	10.4	679.2	506.0	173.2	9,194.8	4,990.7		
2008/3/ .....	32.7	22.3	10.4	685.1	497.8	187.3	9,296.7	5,483.1		
2009/4/ .....	31.3	21.1	10.3	544.2	394.7	149.5	7,818.5	4,885.4		
Percent change at annual rates:										
1989-1994 .....	0.3	-0.3	2.2	n.a.	n.a.	n.a.	4.5	6.4		
1994-1999 .....	4.9	4.4	6.4	n.a.	n.a.	n.a.	8.6	9.1		
1999-2004 .....	-0.3	-1.3	2.6	n.a.	n.a.	n.a.	3.7	8.3		
2004-2007 .....	1.8	0.6	4.8	n.a.	n.a.	n.a.	6.9	13.2		
2007-2008 .....	-1.6	-2.4	0.4	0.9	-1.6	8.1	1.1	9.9		
2008-2009 .....	-4.1	-5.3	-1.5	-20.6	-20.7	-20.2	-15.9	-10.9		

n.a. Not available.

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

2. Break-in-series. (Beginning with 1999, BEA expanded its statistics to include data for "very small" foreign affiliates and for parents that had only "very small" foreign affiliates. See the technical note on page 121 of the December 2002 issue of the *Survey of Current Business* for details.)

3. These statistics update those published in the August 2010 issue of the *Survey of Current Business*. (Those statistics, in turn, updated the advance summary statistics released on April 16, 2010.) Revised statistics based on more complete source data will be released later this year.

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

NOTES:--(1) The years shown in this table are those for which both bank and nonbank statistics are available. Only nonbank statistics are available for other years.

(2) Prior to 2007, capital expenditures statistics are not available because the data were collected only for nonbank affiliates and nonbank parents and not for bank affiliates and bank parents.

(3) Percent change based on unrounded figures.

Table 2. U.S.-Parent Share of Selected Measures of the Operations  
of U.S. Multinational Companies for Selected Years  
[Percent]

	All U.S. MNCs		Nonbank U.S. MNCs	
	Employment	Capital expenditures	Employment	Capital expenditures
1989 .....	79.0	n.a.	78.6	77.5
1994 .....	76.9	n.a.	76.5	76.4
1999 .....	75.2	n.a.	74.8	78.2
2004 .....	71.3	n.a.	71.0	73.3
2007 .....	68.8	74.5	68.3	74.4
2008/1/ .....	68.2	72.7	67.7	72.7
2009/2/ .....	67.3	72.5	66.8	72.5

n.a. Not available.

1. These statistics update those published in the August 2010 issue of the Survey of Current Business. (Those statistics, in turn, updated the advance summary statistics released on April 16, 2010.) Revised statistics based on more complete source data will be released later this year.

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

NOTES: (1) 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.

(2) A U.S.-parent share for capital expenditures is not provided for all U.S. MNCs prior to 2007 because the data were collected only for nonbank affiliates and nonbank parents and not for bank affiliates and bank parents.

(3)The years shown in this table are those for which both bank and nonbank statistics are available. Only nonbank statistics are available for other years.

Table 3. Employment, Capital Expenditures, and Sales by Majority-Owned U.S. Affiliates of Foreign Companies for Selected Years

	Millions of employees	Billions of dollars	
		Capital expenditures	Sales
1997	4.4	n.a.	1,600.2
2002	5.6	n.a.	2,182.7
2007	5.6	189.8	3,340.7
2008/1/	5.7	188.0	3,513.7
2009/2/	5.2	158.6	2,963.0
Percent change at annual rates:			
1997-2002	5.0	n.a.	6.4
2002-2007	0.1	n.a.	8.9
2007-2008	1.1	-1.0	5.2
2008-2009	-7.9	-15.6	-15.7

n.a. Not available

1. These statistics update those published in the November 2010 issue of the *Survey of Current Business*. Final statistics for 2008 will be released later this year.

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

NOTES.--(1) 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.

(2) The years shown in this table are those for which both bank and nonbank statistics are available. Only nonbank statistics are available for other years.

(3) Prior to 2007, capital expenditures are not available because the data were collected only for nonbank affiliates and not for bank affiliates.

(4) Percent change based on unrounded figures.



**Chart 1. U.S.-Parent Share of Employment by U.S. Multinational Companies for Selected Years**

