METHODOLOGY

Introduction

Data in this publication are from BEA's BE-10 Benchmark Survey of U.S. Direct Investment Abroad—1982. Reporting in the survey was mandatory under the International Investment Survey Act of 1976 (Public Law 472, 94th Cong., 90 Stat. 2059, 22 U.S.C. 3101 through 3108).

The publication presents 308 tables that contain most of the data collected in the benchmark survey. Some tables present data for several related items disaggregated by country or by industry; others present data for a single item disaggregated by country (or industry) crossclassified by industry (or country).

The amount and type of data collected in the survey differed depending on whether the U.S. parents or foreign affiliates were banks or nonbanks and, for nonbank affiliates, on whether they were majority or minority owned. In this publication, data for foreign affiliates and for their U.S. parents are presented separately for five affiliate groups: (1) all affiliates of all U.S. parents, (2) nonbank affiliates of nonbank U.S. parents, (3) majority-owned nonbank affiliates of nonbank U.S. parents, (4) nonbank affiliates of U.S. parents in banking, and (5) bank affiliates of all U.S. parents. Data for other groups are not presented because of space and resource limitations.

Three related types of data are presented: (1) foreign affiliate financial and operating data, (2) U.S. parent financial and operating data, and (3) direct investment position and balance of payments data. Financial and operating data cover balance sheets; income statements; property, plant, and equipment; employment; employee compensation; U.S. merchandise trade; sales; technology; taxes; and, for foreign affiliates, external financial position. The direct investment position and balance of payments data cover positions and transactions between foreign affiliates and their U.S. parents. Thus, they are the intersection of the financial and operating data of the foreign affiliates with those of their U.S. parents. They are the basis for the official estimates of direct investment that enter the U.S. balance of payments accounts and for the associated direct investment position. Balance of payments data include data on capital flows between U.S. parents and their foreign affiliates, receipts of income and of royalties and license fees by U.S. parents from their foreign affiliates, and other services transactions between parents and affiliates. (Benchmark survey data on U.S. merchandise trade of parents and affiliates are grouped under financial and operating data, rather than balance of payments data, because they are not the source of the official merchandise trade statistics in the U.S. balance of payments accounts.)

In response to the rapid growth of international services transactions in recent years and the recognition that better data on such transactions are needed for policy purposes, the 1982 benchmark survey collected more detail on services than the last (1977) survey. For example, a number of services industry codes for use in classifying U.S. parents and foreign affiliates were added, and total sales of U.S. parents and foreign affiliates were disaggregated to show sales of services separately from sales of goods. Also, the questions on services transactions between parents and affiliates were redesigned to obtain more complete information.

Two particularly important methodological changes from the 1977 benchmark survey were made in the 1982 survey. First, data were collected on a fiscal-year basis, rather than on the calendar-year basis used in the past. The fiscal-year basis was adopted to reduce the reporting burden on survey respondents. Second, more detailed information on the assets, liabilities, and owners' equity of unincorporated foreign affiliates was required, in order to make the data for such affiliates comparable with those for incorporated affiliates. These and other methodological changes are discussed in more detail below.

Coverage

A 1982 benchmark survey report was required from every U.S. person (as defined below) having a foreign affiliate—that is, having direct or indirect ownership or control of 10 percent or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise—at any time during its 1982 fiscal year. Reports were required even though the foreign business enterprise may have been established, acquired, seized, liquidated, sold, expropriated, or inactivated during the year.

Each BE-10 report consisted of (1) form BE-10A, which obtained data for the U.S. parent company, and (2) form BE-10B, which obtained data for each of the parent's foreign affiliates that had total assets, sales, or net income of at least $3 million (positive or negative), or that owned another foreign affiliate for which a form BE-10B had to be filed, regardless of the size of its own assets, sales, or net income. On a supplement to form BE-10A, U.S. parents had to list all foreign affiliates that were exempt from being reported on form BE-10B and give a few selected data items—percentage ownership, total assets, sales, net income, and direct investment position—for each. If all foreign affiliates of a U.S. parent were exempt from being reported on form BE-10B, the U.S. parent was still required to file a form BE-10A, but only to identify itself and the exempt affiliates.

U.S. parents and foreign affiliates in banking—that is, parents and affiliates that had over 50 percent of their total revenues generated by activities classified in the banking industry—were permitted to report less detailed financial and operating data than nonbank parents and affiliates. Less detail was required because most of the information on bank parents and affiliates that was needed for policymaking purposes already had to be reported to other U.S. Government agencies. Shorter, specialized forms for bank parents (form BE-10A BANK) and for bank affiliates (form BE-10B BANK) were substituted for the standard forms. The reporting criteria for banks, however, were the same as those for nonbanks, except that foreign bank affiliates that were owned indirectly 50 percent or less by their U.S. parents and that did not own another foreign affiliate for which a form BE-10B had to be filed were exempt from being reported, even if their total assets, sales, or net income were $3 million or more.

Based on the above criteria, complete BE-10A forms were filed by 2,245 U.S. parents, of which 133 were banks; 1,412 U.S. parents filed only partial BE-10A forms because all their foreign affiliates were exempt. BE-10B forms were received for 18,339 foreign affiliates, of which 882 were banks; 15,311 foreign affiliates were listed by their U.S. parents as exempt from being reported on form BE-10B.

In table 1, foreign affiliates for which BE-10B forms were filed are compared with all foreign affiliates in the 1982 direct investment universe. Affiliates for which BE-10B forms were filed accounted for 54.5 percent of the universe in terms of numbers. However, because of the relatively low exemption level on the form, they accounted for almost the entire universe in terms of value—98.9 percent of total assets, 99.0 percent of sales, and 98.5 percent of the U.S. direct investment position abroad. They accounted for more than 100 percent of net income, because exempt foreign affiliates had, in aggregate, a net loss for the year. Thus, in value terms, coverage of the universe is virtually complete.

Nonbank affiliates for which BE-10B forms were filed accounted for 98.9 percent of total assets, 99.0 percent of sales, 100.4 percent of net income, and 98.4 percent of the U.S. direct investment position of the nonbank affiliate universe. The corresponding percentages for bank affiliates were 98.9, 99.3, 99.5, and 99.8 percent, respectively.

All tables in this publication, except table 1, cover only foreign affiliates for which BE-10B forms were filed, and their U.S. parents. Thus, when the term "all foreign affiliates" is used, it refers to all foreign affiliates *for which BE-10B forms were filed*, not to the universe of affiliates shown in table 1.

Table 1.—Foreign Affiliates for Which BE-10B Forms Were Filed in the 1982 Benchmark Survey Compared With the Universe of Foreign Affiliates

	Number of affiliates	Millions of dollars: Total assets	Sales	Net income	U.S. direct investment position abroad
Universe of foreign affiliates:					
Total [1]	33,650	1,364,077	1,037,077	35,920	210,452
Nonbanks	32,671	783,759	949,213	31,457	200,088
Banks [1]	979	580,318	87,864	4,463	10,364
Foreign affiliates for which BE-10B forms were filed:					
Total [1]	18,339	1,348,494	1,026,891	36,010	207,320
Nonbanks	17,457	774,773	939,671	31,570	196,978
Banks [1]	882	573,721	87,220	4,440	10,342
Foreign affiliates exempt from being reported on the BE-10B form:					
Total	15,311	15,583	10,186	−90	3,132
Nonbanks	15,214	8,986	9,542	−113	3,110
Banks	97	6,597	644	23	22
Addendum—Affiliates for which BE-10B forms were filed as percentage of universe:					
Total [1]	54.5	98.9	99.0	100.3	98.5
Nonbanks	53.4	98.9	99.0	100.4	98.4
Banks [1]	90.1	98.9	99.3	99.5	99.8

1. Sales were not reported on the BE-10B BANK form. Thus, in this table, total income is used in place of sales for bank affiliates.

Basic concepts and definitions

This section describes the basic concepts and definitions used in the 1982 benchmark survey. Major differences from the concepts and definitions used in the 1977 benchmark survey, and from those used since 1977 in other BEA surveys of U.S. direct investment abroad, are noted.

Direct investment.—Direct investment implies that a person in one country has a lasting interest in, and a degree of influence over the management of, a business enterprise in another country. For the United States, ownership or control by a single person of 10 percent or more of an enterprise's voting securities, or the equivalent, is considered evidence of such a lasting interest or degree of influence over management. Thus, U.S. direct investment abroad is the ownership or control, directly or indirectly, by one U.S. person of 10 percent or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise. Any U.S. investment abroad that is not direct investment by this definition is considered portfolio investment; such investment was not covered by the 1982 benchmark survey.

"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), and any government (including a foreign government, the U.S. Government, a State or local government, and any agency, corporation or financial institution, or other entity or instrumentality thereof, including a government-sponsored agency). This definition treats an associated group as a single person. An associated group consists of two or more persons who, by the appearance of their actions, by agreement, or by an understanding, exercise their voting privileges in a concerted manner to influence the management of a business enterprise. The following are deemed to be associated groups: (1) members of the same family, (2) a business enterprise and one or more of its officers and directors, (3) members of a syndicate or joint venture, or (4) a corporation and its domestic subsidiaries. Even if each member of such an associated group owns less than 10 percent of a business enterprise, as long as all members combined own at least 10 percent, direct investment is considered to exist. The members of the group are considered to influence or control management in a manner comparable to that of a single person with the same total ownership interest.

Because direct investment is defined from a single-owner viewpoint, investment by a U.S. person of less than 10 percent in a foreign business enterprise is not considered direct investment, even if another U.S. person has an interest of a least 10 percent, unless both U.S. persons are members of an associated group. Thus, if one U.S. person owns 11 percent and another owns 9 percent, the 11-percent interest is included, but the 9-percent interest is excluded. The person with the less-than-10-percent interest, by itself, is not considered to have sufficient ownership to influence management.

A U.S. person's direct investment ownership interest in a foreign business enterprise may be held directly, indirectly, or both. It is directly held if the U.S. person itself holds the ownership interest in the foreign business enterprise. It is indirectly held if the U.S. person holds an ownership interest in another foreign business enterprise that, in turn, directly or indirectly owns the given foreign business enterprise. Any number of tiers of ownership may intervene between a direct investor and an indirectly owned enterprise. A U.S. person's percentage of indirect voting ownership in a given foreign business enterprise is equal to the direct voting ownership percentage of the U.S. person in the first foreign business enterprise in the ownership chain, times that first enterprise's direct ownership percentage in the second enterprise in the chain, times the corresponding percentages for all other intervening enterprises in the chain, times the last intervening enterprise's direct ownership percentage in the given foreign business enterprise. If more than one ownership chain between a U.S. person and a given foreign business enterprise exists, the percentages of direct and indirect ownership in all chains are summed to determine the U.S. person's direct investment ownership percentage.

Only ownership percentages in the portion of an ownership chain that extends from the U.S. border outward enter into the above calculation. Ownership percentages in any portion of the chain that reenters or falls entirely within the United States do not enter into the calculation.

Determination of place of residence.—The "United States" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions.[1] "Foreign" means that which is situated outside the United States, or which belongs to or is characteristic of a country other than the United States. A U.S. person is any person resident in, or subject to the jurisdiction of, the United States, and a foreign person is any person resident outside the United States or subject to the jurisdiction of a country other than the United States. Thus, in determining whether a direct investor or the business enterprise owned by a direct investor is a U.S. or foreign person, country of residence, not country of citizenship, is used.

Individuals are considered residents of, or subject to the jurisdiction of, the country in which they are physically located, as long as they reside or expect to reside in the country for 1 year or more. Under this rule, individuals who reside or expect to reside outside their country of citizenship for less than 1 year are considered residents of their country of citizenship, whereas individuals who reside or expect to reside outside their country of citzenship for 1 year or more are, with two exceptions, considered residents of the country in which they are residing. One exception is an owner or employee of a business enterprise who is residing outside the enterprise's country of location in order to further its business, where the enterprise's country is the same as the country of citizenship of the owner or employee. In this case, the owner or employee is considered a resident of the country of citizenship, even if he or she is outside that country for 1 year or more, as long as he or she intends to return in a reasonable period of time. The other exception is that individuals and members of their immediate families who reside outside their country of citizenship as a result of employment by the government of that country—such as diplomats, consular officials, or members of the armed forces—are considered residents of their country of citizenship regardless of their length of stay elsewhere.

U.S. parent.—A U.S. parent is a U.S. person who has direct investment—that is, who has a 10-percent-or-more direct or indirect ownership interest in a foreign business enterprise. If incorporated, the U.S. parent is the fully consolidated U.S. enterprise, consisting of (1) the U.S. parent corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation (including Domestic International Sales Corporations) whose voting securities are more than 50 percent owned by the U.S. corporation above it. All other U.S. corporations and all foreign business enterprises owned by the U.S. parent are excluded from the full consolidation. If a majority-owned (that is, more than 50 percent owned) domestic subsidiary of a U.S. parent is normally excluded from the parent's full consolidation in reports to stockholders—because, for example, the subsidiary is a finance company but the parent is a manufacturer, or the subsidiary's operations are otherwise unrelated to those of the parent—BEA nonetheless preferred that the subsidiary be consolidated on the U.S. parent's report form. In lieu of consolidation, the subsidiary's data could be either combined or aggregated on the U.S. parent's form or reported on a separate form. (In aggregation or combination, transactions between related entities are not eliminated, whereas, in consolidation, they are.) Aggregation, combination, or consolidation of such corporations may affect the industry classification of the U.S. parent or the industry distribution of the U.S. parent's data, if the corporation being aggregated, combined, or consolidated is in an industry different from that of the U.S. parent's other domestic operations.

A U.S. parent is a "person" in the broad sense defined above. Thus, it may be a business enterprise; a religious, charitable, or other nonprofit organization; an individual; a government; an estate or trust; etc. Most U.S. parents, however, are business enterprises. A business enterprise is any organization, association, branch, or venture, including ownership of any real estate, that exists for profitmaking purposes or to otherwise secure economic advantage.

Where a U.S. individual or other nonbusiness person (such as a nonprofit organization or a government) owns more than 50 percent of a U.S. business enterprise that, in turn, owns a foreign business enterprise, the U.S. business enterprise, not the individual or other nonbusiness person, is considered the parent. This treatment ensures that financial and operating data of the U.S. business enterprise are included in the U.S. parent data, and data on the transactions and positions of the U.S. business enterprise with the foreign business enterprise are included in the foreign affiliate data reported to BEA. Any direct transactions or positions of the individual or other nonbusiness person with the foreign business enterprise have to be reported by the U.S. business enterprise and are, therefore, also included in the direct investment accounts.

1. The Panama Canal Zone was considered "foreign" in the 1982 benchmark survey. In the 1977 benchmark survey and in BEA's other surveys through the third quarter of 1979, it was treated as a U.S. territory.

Although the U.S. Government may have equity investment in a foreign business enterprise, such investment is not covered by BEA's direct investment surveys. Data on such investment are reported to other agencies and are included by BEA in the Government or military accounts, rather than in the direct investment accounts, of the U.S. balance of payments.

In the case of a U.S. estate, the estate itself, not its beneficiary, is considered the U.S. parent. For a U.S. trust, however, either the beneficiary or the creator of the trust may be considered the U.S. parent with respect to any investments of the trust, depending on the circumstances. The creator is considered the parent if there is a reversionary interest—that is, if the interest in the trust may be returned to the creator after a period of time—or if the creator is a corporation or other organization that designates its own shareholders or members as beneficiaries. In all other cases, the beneficiary is considered the parent.

Foreign affiliate.—A foreign affiliate is a foreign business enterprise in which there is U.S. direct investment—that is, it is a foreign business enterprise that is directly or indirectly owned or controlled by one U.S. person to the extent of 10 percent or more of the voting securities for an incorporated business enterprise or an equivalent interest for an unincorporated business enterprise. The affiliate is called a *foreign* affiliate, to denote that it is located outside the United States (although the direct investment interest in it is owned by a U.S. person).

A business enterprise, and therefore an affiliate, may be either incorporated or unincorporated. Unincorporated business enterprises may include branches, partnerships, and sole proprietorships. In fact, however, all unincorporated foreign affiliates reported in the 1982 benchmark survey were either branches or partnerships; there were no sole proprietorships.

A branch consists of operations or activities in one location that a person in a second location conducts in its own name, rather than through an entity incorporated in the first location. For example, if a person in country X carries out operations in country Y in its own name, rather than by incorporating the operations in country Y, the country Y operations are considered a branch. By definition, a branch is wholly owned. A branch located abroad but owned by a U.S. person is a foreign affiliate. If a company is incorporated in the United States, but carries out substantially all of its operations abroad, its foreign operations are treated by BEA as a branch (and, therefore, as a foreign affiliate) even though the U.S. company itself may consider the operations to be an integral part of, and would normally consolidate them with, its own operations and accounts.

In general, a U.S. person's foreign operations or activities are considered a foreign affiliate if they are legally or functionally separable from the domestic operations or activities of the U.S. person. In most cases, it is clear whether the foreign operations or activities constitute an affiliate. For example, if the operation or activity is incorporated abroad—as is true in the majority of cases—it is *always* considered a foreign affiliate. Even if it is unincorporated, the foreign operation or activity is usually legally or functionally separable from the U.S. person's domestic operations or activities. In cases where it is not clearly separable, the determination of whether the operation or activity constitutes a foreign affiliate is made on a case-by-case basis, depending on the weight of the evidence.

Factors that would tend to indicate that the operation or activity *is* a foreign affiliate are:

1. It pays foreign income taxes.
2. It has a substantial physical presence abroad, as evidenced by plant and equipment, or by employees, that are permanently located abroad.
3. Separate financial records are kept on the foreign activity or operation that would allow preparation of financial statements, including a balance sheet and income statement, for it. (A mere record of disbursements to, or receipts from, the foreign activity would not constitute a "financial statement" for this purpose.)
4. It takes title to the goods it sells and receives revenues therefrom.
5. It receives funds for its own account from customers for services it performs.

Factors that would tend to indicate that it is *not* a foreign affiliate are:

1. It engages only in sales promotion or public relations types of activities.
2. It conducts business abroad for the U.S. person's account and not for its own account.
3. It has no separate financial statements.
4. It receives funds to cover its expenses only from the U.S. person.
5. It pays no foreign income taxes.
6. It has limited physical assets or employees permanently located abroad.

Foreign stations, ticket offices, and terminal or port facilities of a U.S. airline or ship operator that provide services only to the airline's or ship operator's own operations are not considered foreign affiliates and are excluded from U.S. direct investment abroad. The reason is that most of the revenues—such as passenger fares and freight charges—collected by these facilities are generated by the travel and transportation services rendered by the airline or ship operator of which they are a part, not by the activities of these facilities per se. However, if the foreign stations, ticket offices, or terminal and port facilities provide services primarily to unaffiliated persons, rather than to the U.S. airline or ship operator that owns them, they are considered foreign affiliates and are included in direct investment.

Ownership of real estate for profitmaking purposes is defined to be a business enterprise. Real estate held exclusively for personal use is exempt from being reported in BEA direct investment surveys and is excluded from the data in this publication. A residence that is leased to others by an owner who intends to reoccupy it is considered real estate held for personal use.

In the benchmark survey, each foreign affiliate had to be reported separately unless the recordkeeping system of the affiliate made this impossible or extremely difficult. In that case, an affiliate could have been consolidated with other foreign affiliates in the same country, if the affiliates were also in the same three-digit industry or were integral parts of the same business operation.[2] (As an exam-

2. For a description of the industry codes used, see BEA's *Direct Investment Industry and Foreign Trade Classifications Booklet*, reprinted in the appendix.

ple of the latter, if German affiliate A manufactured tires and a majority of its sales were to German affiliate B, which manufactured autos, then affiliates A and B could have been consolidated.) Under no circumstances could affiliates in different countries be consolidated; this rule facilitated the classification of affiliates and their data by individual country.

Accounting principles

Use of generally accepted accounting principles.—In the benchmark survey, data were required to be reported as they would have been for purposes of preparing stockholders' reports, rather than for tax or other purposes. Thus, U.S. generally accepted accounting principles (GAAP) were followed unless otherwise indicated by the survey instructions. The survey instructions departed from GAAP in cases where the departure would have resulted in data that were conceptually or analytically more useful or appropriate for direct investment purposes. This was the case, for example, with the unique consolidation rules discussed above for affiliates and for U.S. parents.

Exchange gains and losses and translation adjustments.—Monetary amounts were reported to BEA in U.S. dollars. The report forms specified that, when a foreign affiliate's assets, liabilities, revenues, and expenses were denominated or measured on the affiliate's financial statements in a foreign currency, they must be translated into dollars using GAAP. Under GAAP, either Financial Accounting Standards Board Statement No. 8 or 52 (FASB 8 or FASB 52) could be used to translate 1982 data. (GAAP required companies to use FASB 52 for fiscal years beginning on or after December 15, 1982. For earlier years, use of FASB 52 was encouraged but not required; thus, for 1982, some companies had switched to FASB 52 while others continued to use FASB 8.)

Under FASB 8, the balance sheet is divided into monetary and nonmonetary accounts. Monetary accounts, which consist of cash and items settled in cash, are translated at current exchange rates, that is, at rates in effect on the balance sheet date. Nonmonetary accounts are translated at historical exchange rates, that is, at rates in effect when the asset was acquired or liability incurred. Most income statement items are translated at weighted-average exchange rates for the period, as a proxy for using the rate in effect on the date each revenue or expense transaction occurred; however, revenues and expenses related to nonmonetary assets or liabilities, such as depreciation, are translated at historical exchange rates. Under FASB 8, the entire effect of changes in exchange rates on affiliates' balance sheets and income statements is included in affiliates' net income.

Under FASB 52, all assets, liabilities, revenues, and expenses are translated at current exchange rates. For assets and liabilities, the exchange rate at the balance sheet date is used. For revenues and expenses, weighted-average exchange rates for the period are used. Under FASB 52, gains and losses resulting from translating foreign-currency-denominated assets, liabilities, revenues, and expenses into the affiliates' principal, or functional, currency at exchange rates that differ from those used in the prior period are included in net income. Also included in net income are gains and losses from translating foreign affiliates' income statements from their functional currency into U.S. dollars at exchange rates different from those in the prior period. Most other gains and losses, whether realized or unrealized, are excluded from affiliates' net income and, instead, are taken directly to a separate component of owners' equity, entitled "translation adjustments." Gains and losses taken directly to the translation adjustment account include gains and losses resulting from translating opening balances for foreign affiliates' assets and liabilities at exchange rates different from those for closing balances, and from foreign currency transactions that hedge the net investment in a foreign affiliate against changes in exchange rates. For a more complete description of translation procedures, refer to FASB 8 and FASB 52.

In this publication, the treatment of exchange gains and losses and translation adjustments in the income statements of foreign affiliates is as reported in the benchmark survey. Thus, for companies that used FASB 8, all effects of exchange rate changes on affiliates' financial statements are included in affiliates' net income, whereas, for companies that used FASB 52, only a portion of those effects are included. The effects of exchange rate changes that are not included in net income under FASB 52 were reported in the benchmark survey, together with certain extraordinary gains and losses, as a separate item, outside the income statement. That item, "capital gains/losses not included in income," is shown as an addendum to the income statements of foreign affiliates in tables II.D1, II.D2, II.D8, III.D1, III.D2, and III.D8 of this publication.

For balance of payments purposes, all exchange gains and losses and translation adjustments are included in direct investment income, even though they may be excluded from net income for income statement purposey. Direct investment income is intended to reflect all the benefits a U.S. parent receives from its investments in affiliates, whether in the form of ordinary income, extraordinary income, or other income-type items. Thus, exchange gains and losses, translation adjustments, and extraordinary gains and losses that are excluded from affiliates' reported net income for income statement purposes are added to reported net income by BEA in computing direct investment income for balance of payments purposes.

In the 1977 benchmark survey, all companies had to translate their financial statements in accordance with FASB 8, because FASB 52 had not yet been instituted. Thus, in that survey, all exchange gains and losses were included in net income for income statement purposes, as well as in direct investment income for balance of payments purposes.

For companies that switched from FASB 8 to FASB 52 during 1982, income statement accounts were calculated in conformance with FASB 52. In the balance sheet, the opening balances were translated based upon FASB 8 and the closing balances were translated based upon FASB 52. The one-time revaluation of U.S. parents' equity in their foreign affiliates that resulted from the switch is considered to be a valuation adjustment to the direct investment position and, therefore, is excluded from direct investment income and capital flows.

Table 2.—Selected Data for All Foreign Affiliates and All U.S. Parents, by Fiscal-Year Ending Date

	Total	Fiscal-year ending date				
		January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	Addendum: December 31
Affiliate data:						
Number of affiliates	18,339	842	1,535	1,688	14,274	10,961
Total assets (millions of dollars)	1,348,494	39,143	33,452	53,915	1,221,984	1,078,711
Sales [1] (millions of dollars)	1,026,318	43,947	54,545	53,181	874,645	759,450
Net income (millions of dollars)	36,010	1,038	1,962	2,717	30,294	25,400
Number of employees (thousands)	6,816.0	320.8	452.1	479.9	5,563.3	4,189.5
Employee compensation (millions of dollars)	114,539	4,967	5,665	7,348	96,559	76,092
U.S. direct investment position abroad (millions of dollars)	207,320	4,427	9,870	12,227	180,797	150,599
Direct investment income (millions of dollars)	21,922	304	1,323	1,699	18,596	15,947
U.S. parent data:						
Number of U.S. parents	2,245	162	255	237	1,591	1,415
Total assets (millions of dollars)	3,754,218	51,775	85,013	119,822	3,497,609	3,382,562
Sales [1] (millions of dollars)	2,465,170	118,076	161,395	149,027	2,036,673	1,923,050
Net income (millions of dollars)	107,694	2,274	4,782	6,001	94,638	91,563
Number of employees (thousands)	19,440.2	829.1	1,210.9	1,434.7	15,965.6	14,530.7
Employee compensation (millions of dollars)	537,517	16,365	23,919	34,255	462,978	425,140

1. Sales were not reported on the BE-10A BANK and BE-10B BANK forms. Thus, in this table, total income is used in place of sales for bank parents and affiliates.

Fiscal-year reporting

Data for foreign affiliates and U.S. parents were required to be filed on a fiscal-year basis. An affiliate's or parent's 1982 fiscal year was defined to be the affiliate's or parent's financial reporting year that ended in calendar year 1982.

The 1982 benchmark survey is the first BEA survey of U.S. direct investment abroad to collect data on a fiscal-year basis.[3] Previously, BEA's annual data on U.S. direct investment abroad were reported on, or close to, a calendar-year basis or, in the case of annual direct investment position and balance of payments data, were derived by aggregating reported quarterly data to approximate a calendar-year total. Reporting was changed to a fiscal-year basis in the 1982 benchmark survey to reduce the reporting burden on respondents.

Because data from the benchmark survey are on a fiscal-year basis, they are not comparable with other BEA data that are on a calendar-year basis. The extent of noncomparability depends, in part, on the number and size of foreign affiliates or U.S. parents whose fiscal years do not correspond to the calendar year. Table 2 shows the number of, and selected data items for, foreign affiliates and U.S. parents, classified by the affiliate's or parent's fiscal-year ending date. Table 3 shows the number and total assets of foreign affiliates further disaggregated by industry and by country of affiliate, crossclassified by the affiliate's fiscal-year ending date, and table 4 shows the number and total assets of U.S. parents further disaggregated by industry of U.S. parent, crossclassified by the parent's fiscal-year ending date.

In 1982, only 59.8 percent of foreign affiliates and 63.0 percent of U.S. parents had fiscal years that corresponded exactly to the calendar year. In most cases, however, these affiliates' and parents' shares of the reported data of all affiliates and parents were considerably higher. For example, their shares of assets were 80.0 and 90.0 percent, and their shares of sales 74.0 and 78.0 percent, respectively. Thus, affiliates and parents whose fiscal years did not correspond to the calendar year accounted for proportionately smaller shares of the reported data than their numbers might imply. However, the actual difference between the data reported in the benchmark survey and the data that would have been reported if these affiliates and parents had been on a calendar-year basis is unknown.

For financial and operating data, fiscal-year reporting affects comparability with past, but not future, BEA data, because future BEA surveys that collect such data will also generally be on a fiscal-year basis. For direct investment position and balance of payments data, comparability of the benchmark survey data with both past and future estimates of these items in the U.S. balance of payments accounts and in the annual series on the direct investment position is affected, because these estimates have been, and will continue to be, on a calendar-year basis. Thus, the 1982 benchmark survey data cannot be entered directly into the U.S. balance of payments accounts or used to compute the 1982 estimates for the annual series on the direct investment position. Rather, the data must first be adjusted to a calendar-year basis. The adjusted data are scheduled for publication in the June and August 1986 issues of the SURVEY OF CURRENT BUSINESS. The unadjusted fiscal-year data are presented in this publication because they are comparable to the fiscal-year financial and operating data from the benchmark survey.

Confidentiality

Under the International Investment Survey Act of 1976, the direct investment data collected by BEA are confidential; thus, they cannot be published "in such a manner that the person to whom the information relates can be specifically identified." Access to the data is limited to officials and employees (including consultants and contractors and their employees) of the Government agencies that are specifically designated by the President to perform functions under the act. The act further specifies that the information collected under it must be used for statistical and analytical purposes only. For example, use of an individual person's data for regulatory purposes is prohibited.

Data in the tables in this publication were suppressed (that is, not shown) if showing them might disclose the data for individual companies. The suppression procedure used consisted of three steps:

1. A key item was selected from a group of related items. For example, total assets was selected as the key item for most individual asset items, total income for most individual income statement items, etc.

3. For foreign direct investment in the United States, the 1980 benchmark survey was the first to collect fiscal-year data.

2. In all tables containing that key item, the data in each country, industry, or country-industry cell for the item was subjected to a suppression analysis. Objective criteria were used to determine whether an individual company's data might be disclosed if data in the cell were published. If these criteria were met, the data in the cell were suppressed.
3. If the data in a cell for the key item were suppressed, then the data in the comparable cell for all items related to that key item, whether in the same or another table, were also suppressed.

A "(D)" entered in a data cell indicates that the data were suppressed for confidentiality reasons.

Although other Federal agencies have used suppression procedures based on key items for their data, this is the first time that BEA has used such a procedure for its direct investment data. In previously published data on direct investment, data for every item, not just for key items, were individually subjected to a suppression analysis. Following a review of other agencies' suppression procedures, BEA has determined that the new method will continue to permit confidentiality requirements to be met while allowing the publication of more data at significant savings in time and cost.

Classification procedures

Country classification.—Each foreign affiliate is classified by its country of location, that is, the country in which the affiliate's physical assets are located or where

Table 3.—Number and Total Assets of All Foreign Affiliates, Industry and Country of Affiliate by Fiscal-Year Ending Date

	Total	Fiscal-year ending date				
		January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	Addendum: December 31
	Number of affiliates					
Total	**18,339**	**842**	**1,535**	**1,688**	**14,274**	**10,961**
By industry:						
Petroleum	1,801	25	73	131	1,572	1,511
Manufacturing	7,004	377	582	737	5,308	3,669
Food and kindred products	689	47	115	106	421	275
Chemicals and allied products	1,721	82	126	110	1,403	896
Primary and fabricated metals	808	28	53	93	634	460
Machinery, except electrical	890	48	62	143	637	446
Electrical and electronic equipment	724	40	54	69	561	436
Transportation equipment	368	12	24	62	270	221
Other manufacturing	1,804	120	148	154	1,382	935
Wholesale trade	3,700	188	435	407	2,670	1,778
Banking	882	14	10	18	840	776
Finance (except banking), insurance, and real estate	2,423	102	137	179	2,005	1,663
Services	1,336	57	174	140	965	764
Other industries	1,193	79	124	76	914	800
By country:						
Developed countries	11,543	568	1,052	1,189	8,734	6,560
Canada	2,075	87	202	198	1,588	1,352
Europe	7,608	328	655	786	5,839	4,294
European Communities (10)	6,073	273	525	648	4,627	3,394
Other	1,535	55	130	138	1,212	900
Japan	704	102	61	88	453	318
Australia, New Zealand, and South Africa	1,156	51	134	117	854	596
Developing countries	6,442	251	442	487	5,262	4,149
Latin America	3,937	141	292	317	3,187	2,459
Other Africa	596	19	22	45	510	436
Middle East	419	24	17	30	348	298
Other Asia and Pacific	1,490	67	111	95	1,217	956
International	354	23	41	12	278	252
	Total assets (millions of dollars)					
Total	**1,348,494**	**39,143**	**33,452**	**53,915**	**1,221,984**	**1,078,711**
By industry:						
Petroleum	195,210	5,471	2,504	3,385	183,850	182,281
Manufacturing	265,418	13,680	12,954	18,912	219,871	172,494
Food and kindred products	21,262	2,149	3,489	3,593	12,030	8,251
Chemicals and allied products	56,666	1,159	3,328	2,367	49,811	39,892
Primary and fabricated metals	22,227	541	722	2,082	18,882	15,520
Machinery, except electrical	34,438	1,582	1,156	4,483	27,218	22,316
Electrical and electronic equipment	22,621	984	1,446	1,763	18,427	16,587
Transportation equipment	55,168	3,875	242	1,763	49,288	42,231
Other manufacturing	53,037	3,391	2,571	2,861	44,214	27,696
Wholesale trade	58,380	4,267	5,071	5,774	43,268	28,230
Banking	573,721	5,093	(D)	(D)	555,079	504,454
Finance (except banking), insurance, and real estate	182,813	8,117	5,270	9,743	159,683	141,991
Services	20,991	864	1,747	2,238	16,141	11,299
Other industries	51,961	1,650	(D)	(D)	44,092	37,962
By country:						
Developed countries	828,811	27,046	22,305	36,551	742,909	646,875
Canada	120,357	2,383	3,777	4,587	109,609	94,268
Europe	580,097	11,554	11,434	24,830	532,279	472,900
European Communities (10)	508,625	10,425	9,098	20,698	468,404	415,405
Other	71,472	1,129	2,336	4,132	63,875	57,495
Japan	75,092	11,819	1,115	2,869	59,289	45,637
Australia, New Zealand, and South Africa	53,265	1,289	5,979	4,265	41,731	34,070
Developing countries	502,438	11,698	10,185	17,019	463,536	417,473
Latin America	324,638	6,946	6,978	10,502	300,211	266,635
Other Africa	23,911	1,279	933	2,125	19,573	18,560
Middle East	52,292	1,592	283	1,698	48,719	46,350
Other Asia and Pacific	101,597	1,882	1,990	2,694	95,032	85,928
International	17,245	399	962	344	15,539	14,364

D Suppressed to avoid disclosure of data of individual companies.

its primary activity is carried out. In most cases, the country of location of a business enterprise is the same as its country of organization or incorporation. However, in some cases, a business enterprise is incorporated in one country, but part or all of its physical assets are located, or its activities carried out, in a second country.

If all its physical assets or operations are located outside its country of incorporation, the enterprise is treated as an incorporated foreign affiliate in the country where its physical assets and operations are located. No foreign affiliate is considered to exist in the country of incorporation, because the entity there is only a shell or paper company, and transactions would not normally occur with it. If, however, an enterprise has some physical assets or operations in each country, it is considered two separate affiliates—an incorporated affiliate located in the country of incorporation and an unincorporated affiliate (a branch) located in the other country.

There are two exceptions to these general rules. First, if a business enterprise incorporated in one foreign country has physical assets or operations in more than one other foreign country, an incorporated foreign affiliate is deemed to exist in the country of incorporation, even though the enterprise may have no physical assets or operations in that country. Unincorporated foreign affiliates (branches) are deemed to exist in each of the other foreign countries. In effect, the affiliate in the country of incorporation is considered a holding company whose assets are the equity it holds in the unincorporated affiliates in the other countries. Second, if a business enterprise incorporated abroad by a U.S. person conducts its operations from, and has all of its physical assets in, the United States, it is treated as an incorporated foreign affiliate in the country of incorporation, even though it has no operations or physical assets there. This treatment ensures that the foreign entity is reported to BEA.

In the 1977 benchmark survey, enterprises whose physical assets or operations were located completely outside their countries of organization were handled on a case-by-case basis. Thus, an enterprise that, in 1982, is considered one affiliate, located in the same country as its physical assets or operations, may, in 1977, have been considered two affiliates, one in the country where its physical assets or operations were located and another in the country of organization.

Balance of payments transactions involving a given affiliate are classified in the affiliate's country of location, even when they are with a third-country transactor rather than with the affiliate itself—as when a U.S. parent purchases an affiliate's capital stock from a person in a country other than the affiliate's country of location. The direct investment capital flows resulting from the transaction are classified in the country of the affiliate because such flows change the U.S. direct investment position in that country. (However, the associated settlement flows, which are included in the portfolio investment accounts of the U.S. balance of payments, are likely to be classified in the country of the foreign transactor.)

Unless otherwise specified, the designation "by country" in a table title in this publication indicates that the data in the table are disaggregated by country of foreign affiliate. If a different method of country disaggregation is used, it is so specified in the table title. Also, to avoid confusion as to whether country of affiliate or some other method of disaggregation was used—for example, trade data could be disaggregated either by country of affiliate or by country of origin or destination—the one used is explicitly stated in the table title.

Table 4.—Number and Total Assets of All U.S. Parents, Industry of U.S. Parent by Fiscal-Year Ending Date

	Total	Fiscal-year ending date				
		January 1 to March 31	April 1 to June 30	July 1 to September 30	October 1 to December 31	Addendum: December 31
	Number of U.S. parents					
All industries	**2,245**	**162**	**255**	**237**	**1,591**	**1,415**
Petroleum	143	7	12	17	107	104
Manufacturing	1,215	90	151	146	828	694
Food and kindred products	71	6	19	14	32	26
Chemicals and allied products	166	12	16	13	125	114
Primary and fabricated metals	170	11	11	23	125	114
Machinery, except electrical	213	18	19	32	144	112
Electrical and electronic equipment	149	12	24	17	96	85
Transportation equipment	59	4	6	9	40	34
Other manufacturing	387	27	56	38	266	209
Wholesale trade	168	27	36	28	77	68
Banking	133	0	0	0	133	132
Finance (except banking), insurance, and real estate	234	6	8	5	215	205
Services	160	12	32	24	92	83
Other industries	192	20	16	17	139	129
	Total assets (millions of dollars)					
All industries	**3,754,218**	**51,775**	**85,013**	**119,822**	**3,497,609**	**3,382,562**
Petroleum	486,604	4,584	3,153	16,236	462,630	462,102
Manufacturing	1,017,654	27,226	51,305	70,523	868,600	786,755
Food and kindred products	79,981	6,187	18,259	10,257	45,277	37,019
Chemicals and allied products	178,692	1,009	12,914	9,062	155,707	154,770
Primary and fabricated metals	114,528	3,945	2,702	16,838	91,043	89,655
Machinery, except electrical	132,954	7,822	5,389	10,836	108,907	93,733
Electrical and electronic equipment	127,364	1,643	4,423	8,677	112,621	110,567
Transportation equipment	191,065	166	1,154	7,384	182,361	167,162
Other manufacturing	193,070	6,454	6,464	7,468	172,684	133,849
Wholesale trade	43,418	6,582	11,000	3,702	22,133	20,364
Banking	1,012,319	0	0	0	1,012,319	1,010,835
Finance (except banking), insurance, and real estate	677,469	(D)	(D)	12,300	657,971	640,817
Services	52,717	1,363	6,734	12,026	32,594	31,057
Other industries	464,039	(D)	(D)	5,035	441,362	430,633

D Suppressed to avoid disclosure of data of individual companies.

Table 5 presents selected data for all foreign affiliates of all U.S. parents, classified by country of affiliate; each individual country in which U.S. direct investment in 1982 was reported is shown separately and is grouped by geographic area. Due to confidentiality requirements and space limitations, many countries could not be shown separately in the other tables in this publication. However, the individual countries included in a country group shown in the other tables may be determined, and their relative sizes assessed, by referring to table 5.

In this publication, the "International" category consists of affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, and oil and gas drilling. Affiliates in these industries that have operations entirely in one country are classified in that specific country. Thus, an affiliate engaged in shipping goods among countries is classified in "International," whereas one engaged in local coastal or inland shipping is classified in the country along whose coast or on whose waterways it is operating. Similarly, an oil rig that was moved from place to place during the year is classified in "International," but one that was stationary for the entire year is classified in the country where it was located.

Industry classification.—Each U.S. parent or foreign affiliate is classified by industry using a three-stage procedure based on sales (total income for holding companies):

(1) A given U.S. parent or foreign affiliate was classified in the major industry group that accounted for the largest percentage of its sales. The major industry groups used for this purpose were (a) agriculture, forestry, and fishing, (b) mining, (c) petroleum, (d) construction, (e) manufacturing, (f) transportation, communication, and public utilities, (g) wholesale trade, (h) retail trade, (i) finance, insurance, and real estate, and (j) services.

(2) Within the major industry group, the U.S. parent or foreign affiliate was then classified in the two-digit industry in which its sales were largest. A two-digit industry was defined for this purpose to consist of all three-digit subindustries that have the same digits in the first two places of their three-digit code.[4]

(3) Within its two-digit industry, the U.S. parent or foreign affiliate was then classified in the three-digit subindustry in which its sales were largest.

If, at any of these three stages, two or more categories accounted for the same percentage of sales, classification was based on subjective judgment.

This procedure ensured that the U.S. parent or foreign affiliate was not assigned to a three-digit subindustry that was outside its major industry, even if its sales in that subindustry exceeded its sales in the largest three-digit subindustry within its major industry. It also ensured that the U.S. parent or foreign affiliate was not assigned to a three-digit subindustry that was outside its two-digit industry, even if its sales in that subindustry exceeded its sales in the largest subindustry within its two-digit industry. For example, suppose a parent's or affiliate's sales were distributed as follows:

Industry code	Sales (Percentage of total)		
351	5		
352	10	30	
353	15		55
367	25		
508	45		

where industry codes 351, 352, 353, and 367 are in manufacturing and code 508 is in wholesale trade. Because 55 percent of the parent's or affiliate's sales were in manufacturing and only 45 percent were in wholesale trade, the parent's or affiliate's major industry is manufacturing. Because 30 percent of its sales within manufacturing were in two-digit industry 35 (nonelectrical machinery)—that is, the sum of the percentages in 351, 352, and 353 is 30 percent—and 25 percent were in two-digit industry 36 (electrical machinery), the parent's or affiliate's two-digit industry is 35. Finally, because its sales within industry 35 were largest in subindustry 353, the parent's or affiliate's three-digit subindustry is 353. Thus, the three-stage classification procedure results in the parent or affiliate being assigned to subindustry 353, even though its sales in that subindustry were smaller than its sales in either subindustries 508 or 367.

The 1982 benchmark survey is the first BEA survey of U.S. direct investment abroad to use the three-stage classification procedure. In past surveys of such investment, a two-stage procedure was used. In the two-stage procedure, a parent or affiliate was classified in the largest three-digit subindustry within its major industry group, regardless of whether that subindustry was also in the parent's or affiliate's largest two-digit industry. Under the three-stage procedure used in 1982, the three-digit industry in which the parent or affiliate is classified had to be in the largest two-digit industry. The effect of the new procedure, however, is small, and resulted in a different classification for only a few parents and affiliates.

Unless otherwise specified, the designation "by industry" in the title of a table in this publication indicates that the data in the table are disaggregated (1) by industry of foreign affiliate, if the table presents foreign affiliate financial and operating data or balance of payments and direct investment position data, or (2) by industry of U.S. parent, if the table presents U.S. parent financial and operating data. If a different basis of disaggregation is used, it is so specified in the table title, as when affiliate data are disaggregated by industry of U.S. parent.

The industry classification system used by BEA for direct investment purposes is adapted from, but not identical to, the *Enterprise Standard Industrial Classification (ESIC) Manual,* 1974. (The ESIC, in turn, is related to the *Standard Industrial Classification (SIC) Manual,* 1972; the ESIC is designed for classifying an enterprise as a whole, whereas the SIC is designed for classifying individual establishments within pn enterprise. The 1982 benchmark survey collected data at the enterprise, not the establishment, level.) A list and description of the codes used are

4. The only exceptions to this rule were that codes 401, 449, 450, 462, 475, and 477 were treated as being in the same two-digit industry, and codes 649 and 650 were treated as being in the same two-digit industry.

Table 5.—Selected Data for all Foreign Affiliates in all Countries in Which Investment was Reported

	Number of affiliates	Millions of dollars			Number of employees (thousands)	Millions of dollars		
		Total assets	Sales [1]	Net income		Employee compensation	U.S. direct investment position abroad	Direct investment income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries	**18,339**	**1,348,494**	**1,026,891**	**36,010**	**6,816.0**	**114,539**	**207,320**	**21,922**
Developed countries	**11,543**	**828,811**	**742,388**	**19,370**	**4,536.1**	**90,417**	**154,644**	**12,331**
Canada	2,075	120,357	121,565	3,066	916.4	19,469	43,315	2,631
Europe	7,608	580,097	484,941	13,240	2,840.0	57,036	92,624	8,167
European Communities (10)	6,073	508,625	406,171	10,222	2,496.4	50,400	71,922	5,738
Belgium	482	24,140	25,706	478	134.7	3,061	5,813	199
Denmark	124	2,806	4,589	100	18.2	392	1,153	76
France	908	55,385	59,781	-94	531.4	11,422	7,495	-64
Germany	1,045	66,178	88,546	1,910	558.4	13,072	15,466	896
Greece	79	6,458	3,316	77	18.4	225	400	42
Ireland	215	6,025	5,028	758	38.9	543	1,995	399
Italy	540	23,766	27,655	483	192.9	3,577	4,313	430
Luxembourg	62	6,473	1,333	183	7.5	144	1,101	137
Netherlands	674	36,828	44,426	1,873	138.8	3,202	6,812	1,113
United Kingdom	1,944	280,567	145,792	4,453	857.2	14,762	27,373	2,511
Other Europe	1,535	71,472	78,770	3,018	343.6	6,636	20,701	2,429
Austria	134	6,625	4,949	-114	32.3	639	563	-85
Finland	51	889	1,603	39	5.2	126	183	33
Norway	119	10,335	8,192	843	20.2	621	2,728	941
Portugal	74	975	1,477	7	24.4	201	274	-9
Spain	362	15,337	13,959	245	166.4	2,530	2,377	-17
Sweden	201	4,229	7,062	77	37.6	880	1,136	-4
Switzerland	524	31,003	39,990	1,829	46.2	1,545	12,795	1,503
Turkey	27	581	893	37	8.6	60	146	18
Other	43	1,499	646	55	2.9	32	499	47
Western Europe, nec	42	(D)	(D)	(D)	2.9	31	(D)	47
Cyprus	9	207	185	14	.8	10	18	11
Gibraltar	1	(D)	(*)	(*)	(*)	(*)	0	0
Iceland	3	(D)	(D)	(D)	.1	3	6	(D)
Liechtenstein	18	436	267	55	.2	4	306	48
Malta	5	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Yugoslavia	6	(D)	99	-30	(D)	(D)	(D)	-25
Eastern Europe	1	(D)	(D)	(D)	(*)	(*)	(D)	(*)
Romania	1	(D)	(D)	(D)	(*)	(*)	(D)	(*)
Japan	704	75,092	83,800	1,224	306.3	6,152	6,636	584
Australia, New Zealand, and South Africa	1,156	53,265	52,082	1,839	473.5	7,760	12,070	950
Australia	752	42,040	39,185	1,259	316.3	6,053	9,137	676
New Zealand	117	2,832	2,532	68	20.8	307	649	37
South Africa	287	8,393	10,365	512	136.3	1,400	2,284	237
Developing countries	**6,442**	**502,438**	**274,037**	**15,656**	**2,236.2**	**23,004**	**47,432**	**8,571**
Latin America	3,937	324,638	152,709	8,184	1,384.0	14,332	27,752	3,390
South America	1,645	63,100	60,520	2,669	755.7	9,355	19,654	1,993
Argentina	206	7,414	6,496	505	85.6	892	2,840	445
Brazil	601	30,499	32,087	1,265	436.7	4,887	9,206	768
Chile	91	2,396	1,713	-126	14.0	247	317	-58
Colombia	179	5,217	5,087	215	59.3	719	1,753	198
Ecuador	67	1,395	1,181	74	12.7	124	385	49
Peru	77	3,069	2,095	260	26.3	323	1,985	259
Venezuela	347	11,316	10,443	451	105.1	1,999	2,580	306
Other	77	1,795	1,418	26	16.0	163	589	26
Bolivia	14	403	141	32	1.8	17	145	33
French Guiana	2	(D)	(D)	(D)	0	0	(D)	1
Guyana	4	64	(D)	(D)	.2	1	3	(*)
Paraguay	13	306	204	-19	1.8	15	57	-15
Suriname	8	(D)	372	4	4.9	53	(D)	3
Uruguay	36	665	633	6	7.3	77	120	4
Central America	1,108	38,981	30,152	-445	569.3	4,180	10,389	-313
Mexico	702	18,121	21,512	-1,115	471.0	3,557	5,187	-865
Panama	193	18,124	5,191	678	25.4	240	4,388	589
Other	213	2,736	3,449	-8	72.9	383	814	-36
Belize	4	11	(D)	(D)	.1	1	3	-8
Costa Rica	54	475	(D)	(D)	18.8	58	199	-9
El Salvador	27	352	729	14	7.4	48	97	6
Guatemala	70	892	966	7	16.0	103	230	8
Honduras	35	817	824	-9	28.1	156	238	-16
Nicaragua	23	188	431	-1	2.6	17	49	-18
Other Western Hemisphere	1,184	222,557	62,036	5,960	58.9	797	-2,291	1,710
Bahamas	178	91,004	18,121	1,245	8.5	123	3,119	1,320
Bermuda	352	26,953	21,643	1,965	3.0	69	11,274	1,288
Jamaica	54	1,298	1,274	47	8.9	97	388	36
Netherlands Antilles	315	49,140	8,604	1,370	3.5	90	-19,842	-2,246
Trinidad-Tobago	37	2,402	3,071	87	12.9	238	927	91
United Kingdom Islands, Caribbean	156	49,524	7,433	1,252	.7	12	1,300	1,212
Other	92	2,236	1,891	-7	21.4	168	543	8
Antigua and Barbuda	4	47	32	-1	(D)	(D)	-1	-2
Barbados	15	311	229	7	4.0	30	55	3
Cuba	1	(D)	(D)	(D)	(*)	(*)	(D)	(D)
Dominican Republic	46	1,264	865	-12	13.3	108	211	7
French Islands, Caribbean	10	197	344	-5	.6	15	14	-2
Grenada	1	(D)	(D)	(*)	(*)	(*)	(*)	0
Haiti	13	111	120	7	3.2	9	16	6
St. Lucia	2	(D)	(D)	(D)	(D)	(D)	(D)	(D)

Table 5.—Selected Data for all Foreign Affiliates in all Countries in Which Investment was Reported—Continued

	Number of affiliates	Millions of dollars			Number of employees (thousands)	Millions of dollars		
		Total assets	Sales [1]	Net income		Employee compensation	U.S. direct investment position abroad	Direct investment income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Other Africa	596	23,911	19,551	345	126.4	1,118	4,086	319
Saharan	160	8,378	7,221	731	20.2	284	1,558	746
Egypt	70	5,438	2,673	659	9.3	109	1,222	648
Libya	29	2,267	3,763	123	4.6	95	168	155
Other	61	673	785	-51	6.4	80	168	-58
Algeria	7	118	74	1	1.2	23	24	-1
Morocco	24	262	457	-12	3.9	37	23	-15
Tunisia	30	294	255	-40	1.2	20	122	-42
Sub-Saharan	436	15,533	12,330	-387	106.2	834	2,528	-427
Liberia	55	1,271	651	-6	21.2	100	107	-52
Nigeria	89	6,820	5,300	185	20.9	272	288	121
Other	292	7,442	6,379	-565	64.1	462	2,133	-497
Angola	11	650	598	-109	.9	28	311	-120
Botswana	3	(D)	97	-157	4.1	20	(D)	(D)
Burundi	1	(D)	(D)	(*)	(*)	(*)	(*)	0
Cameroon	15	890	509	-3	1.0	16	212	-12
Central African Empire	2	(D)	(D)	(D)	.4	2	1	(*)
Chad	1	(D)	0	(*)	0	0	(D)	(*)
Congo	6	67	(D)	(D)	.4	6	45	1
Djibouti	2	(D)	(D)	(D)	.1	(D)	(D)	1
Ethiopia	3	10	16	(*)	.5	2	2	(*)
Gabon	19	641	478	36	4.9	52	157	26
Gambia	1	(D)	(D)	(D)	(*)	(*)	(D)	0
Ghana	12	311	457	-10	3.2	45	(D)	-12
Guinea	4	(D)	(D)	(D)	2.5	16	(D)	(D)
Ivory Coast	28	1,460	487	-151	4.5	47	362	-121
Kenya	35	672	743	36	11.1	42	136	16
Lesotho	2	4	(D)	(D)	(*)	(*)	-1	-1
Madagascar	4	16	4	-9	.1	1	2	-9
Malawi	6	163	122	2	4.6	8	16	1
Mali	3	(D)	(D)	(D)	.1	(*)	2	-9
Mauritania	2	(D)	(D)	(D)	(D)	(*)	2	(*)
Mauritius	4	44	59	1	.2	1	8	(*)
Mozambique	2	4	1	(*)	(*)	(*)	(*)	(*)
Namibia	2	(D)	(D)	(D)	6.2	36	(D)	-8
Niger	6	56	63	-1	(D)	(D)	(D)	-3
Rwanda	2	6	8	(*)	(*)	(*)	2	(*)
Senegal	9	251	411	7	.6	8	16	2
Sierra Leone	6	79	91	-39	.8	4	13	-54
Somalia	5	45	(D)	(D)	.1	4	11	(D)
Sudan	13	380	180	-175	2.3	25	217	-178
Swaziland	3	11	25	(*)	.2	1	(*)	(*)
Tanzania	6	92	143	-3	1.2	6	30	-7
Togo	2	(D)	(D)	(D)	(*)	(*)	5	1
Uganda	3	36	59	3	.1	(*)	15	-1
Upper Volta	2	9	(D)	(D)	(*)	(*)	2	(*)
Zaire	21	519	476	29	4.4	39	135	16
Zambia	20	209	204	14	3.3	19	64	9
Zimbabwe	26	188	349	19	5.3	26	73	9
Middle East	419	52,292	29,256	2,474	168.0	4,223	3,474	1,256
Israel	71	16,986	6,365	319	32.7	535	573	110
Saudi Arabia	160	16,074	12,891	1,641	114.6	3,202	1,401	772
United Arab Emirates	76	5,070	5,454	309	8.3	198	526	232
Other	112	14,162	4,545	205	12.5	288	973	143
Bahrain	26	10,447	3,131	172	6.3	113	753	153
Iran	15	216	10	-5	(*)	(D)	11	-5
Iraq	3	(D)	(D)	(D)	(*)	(*)	3	(*)
Jordan	3	(D)	29	4	.2	3	(D)	4
Kuwait	13	328	196	28	.7	21	50	13
Lebanon	24	1,276	196	-4	2.5	61	53	-11
Neutral Zone	1	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Oman	13	(D)	152	-23	1.2	28	31	-31
Qatar	5	151	120	18	(D)	5	5	5
Syria	4	32	3	-4	.1	2	(D)	(D)
Yemen (Aden)	1	(D)	(D)	(D)	0	0	(D)	0
Yemen (Sanaa)	4	63	14	(*)	.4	6	6	(*)
Other Asia and Pacific	1,490	101,597	72,521	4,654	557.8	3,332	12,120	3,606
Hong Kong	321	29,833	10,849	841	54.1	456	2,928	682
India	92	3,438	4,118	117	76.1	210	362	60
Indonesia	143	8,357	13,138	2,060	58.4	525	2,281	1,769
Malaysia	114	4,958	4,842	393	61.8	368	1,199	301
Philippines	186	11,202	6,627	96	115.7	433	1,308	56
Singapore	238	27,727	18,177	688	48.7	441	1,745	508
South Korea	93	6,496	6,521	198	33.8	264	641	78
Taiwan	118	5,444	3,453	189	59.8	354	521	123
Thailand	87	2,195	2,894	20	30.5	159	777	-6
Other	98	1,946	1,903	52	18.8	122	359	36
Bangladesh	5	62	29	4	.9	4	13	4
Brunei	11	189	204	31	.8	28	(D)	25
Fiji	2	(D)	(D)	(D)	.4	2	4	(*)
French Islands, Indian Ocean	4	21	65	2	(*)	1	6	(*)
French Islands, Pacific	4	(D)	59	5	.3	6	3	3
Macau	1	(D)	(D)	(D)	0	0	0	0
Pakistan	33	703	1,155	24	11.5	45	130	16
Papua New Guinea	13	493	286	17	1.5	26	55	-13
People's Republic of China	11	70	22	-3	1.1	5	49	-3
Sri Lanka	10	135	62	3	2.1	4	11	(D)
Tonga	1	(D)	(D)	(D)	(D)	(*)	(D)	(*)
Vanuatu	1	(D)	(D)	(D)	0	0	(D)	(D)
Vietnam	1	(D)	0	0	0	0	(*)	0
Western Samoa	1	(D)	(D)	(*)	(D)	(*)	(*)	(*)
International	**354**	**17,245**	**10,466**	**984**	**43.7**	**1,117**	**5,244**	**1,020**
International - shipping	242	11,700	6,629	-370	21.4	446	2,304	19
International - drilling rigs	112	5,544	3,836	1,354	22.3	670	2,940	1,000
Addendum—OPEC	**974**	**53,367**	**53,730**	**4,937**	**332.6**	**6,565**	**7,897**	**3,460**

(*) Less than $500,000(±) or 50 employees.
D Suppressed to avoid disclosure of data of individual companies.
1. Sales were not reported on the BE-10B BANK form. Thus, in this table, total income is used in place of sales for bank affiliates.

found in the *Direct Investment Industry and Foreign Trade Classifications Booklet,* which is reprinted in the appendix.

To conform to the ESIC system, petroleum is not listed as a major industry group in the booklet. Rather, the three-digit subindustries within petroleum are spread among the other major industries—for example, crude petroleum extraction is in mining, petroleum refining is in manufacturing, gasoline service stations are in retail trade, etc. For direct investment classification and publication purposes, however, these various petroleum subindustries are pulled together and petroleum is considered a separate major industry group.

U.S. parents that are individuals, estates, or trusts have been classified in a separate industry, "nonbusiness entities, except Government," which, in this publication, is treated as part of the major industry "finance, insurance, and real estate." This industry is included on tables that disaggregate affiliate data from the BE–10B forms by industry of U.S. parent. It is not included on tables containing U.S. parent financial and operating data from the BE–10A forms because U.S. parents that were individuals, estates, or trusts were not required to report financial and operating data.

Since the 1977 benchmark survey was conducted, a number of changes in BEA's direct investment industry classifications have been made. Some codes, particularly in the services industries, have been split into two or more new codes to permit further disaggregation of the data. The expansion of the services industry codes was in response to recent demands by users for more detailed information on U.S. international services transactions. Specifically, former code 479 ("transportation, warehousing, terminal facilities, travel agents, and related services, n.e.c.") has been split into new codes 401, 475, and 477; former code 610 ("finance, except banking") has been split into new codes 611 and 612; former code 630 ("insurance carriers, agents, brokers, and services") has been split into new codes 631, 632, and 639; and former code 899 ("other personal and business services, n.e.c., provided on a commercial basis") has been split into new codes 733, 734, 735, 736, 737, 739, 890, 892, 895, 896, and 897. (See the *Direct Investment Industry and Foreign Trade Classifications Booklet* for the titles of the new codes.) In addition, a few codes were combined with other codes or were deleted. Finally, the titles of a number of codes were shortened, or changed to conform more closely to those in the 1974 ESIC manual, with no substantive impact.

Table 6 presents selected data for all foreign affiliates and all U.S. parents, classified by industry; each three-digit subindustry is shown separately, and is grouped by the major industry to which it belongs. Due primarily to confidentiality requirements, many of the three-digit industry categories are not shown separately in the other tables in this publication. However, the individual industries included in an industry group shown in the other tables may be determined, and their relative sizes assessed, by referring to table 6.

Although each U.S. parent and foreign affiliate is classified in a single industry based on its major activity, a given parent or affiliate may have had activities in more than one industry. Thus, the distribution of data by industry of U.S. parent or foreign affiliate may differ from the distribution that would have resulted if the data for each of a parent's or affiliate's activities were separately classified and the resulting data were summed, by activity, across all parents or affiliates. Distributions of the latter type are more indicative than those by industry of enterprise, of the actual activities in which the parents or affiliates are engaged. Such distributions were obtained in the 1982 benchmark survey for sales, employment, and several employment-related items for production workers, of U.S. parents. For foreign affiliates, they were obtained for only one data item—sales.

Sales by each parent and affiliate were required to be distributed among three-digit industries, primarily for purposes of assigning an industry code to the parent or affiliate. Each U.S. parent was further required to distribute its employment among those industries in which it also had sales and to distribute its other employment-related items among those manufacturing industries in which it also had sales.[5] By summing these data across parents and affiliates, data disaggregated by industry of sales can be derived. The distribution by industry of sales roughly approximates the distribution that would have resulted if the data were reported and classified at the establishment, rather than the enterprise, level.

In table 7, U.S. parents' sales and employment disaggregated by industry of sales are compared with U.S. parents' sales and employment disaggregated by industry of parent, and foreign affiliates' sales disaggregated by industry of sales are compared with affiliates' sales disaggregated by industry of affiliate. (For nonbank parents of majority-owned nonbank affiliates, data by industry of sales crossclassified by industry of parent are shown in table III.N2 for sales and III.O2 for employment; for nonbank affiliates of nonbank parents and for majority-owned nonbank affiliates of nonbank parents, affiliates' sales by industry of sales crossclassified by industry of affiliate are shown in tables II.E17 and III.E17, respectively.)

For sales, differences between the distribution by industry of enterprise and the distribution by industry of sales were much larger for U.S. parents than for foreign affiliates, primarily because U.S. parents are more diversified than their affiliates. Their greater diversity, in part, reflects the much greater degree of consolidation of U.S. parents. As noted earlier, parents were required to report on a fully consolidated domestic basis, regardless of the industry classification of the individual domestic subsidiaries included in the consolidation. Foreign affiliates, in contrast, could be consolidated only if they were in the same country and were classified in the same three-digit industry.

Financial and operating data for foreign affiliates and U.S. parents

Financial and operating data include, among other things, data on balance sheets and income statements; external financial position; property, plant, and equipment;

5. In actuality, each U.S. parent was required to distribute its sales, employment, and other employment-related items only among the eight three-digit industries in which its sales were largest, and each foreign affiliate was required to distribute its sales only among the five three-digit industries in which its sales were largest. Parents reported their sales, employment, and other employment-related items, and affiliates reported their sales, in all other industries as a single item, which is shown in the "unspecified" line in the tables in this publication. Because relatively few parents had sales, employment, or other employment-related items in more than eight three-digit industries, and few affiliates had sales in more than five three-digit industries, such unspecified amounts were small.

Table 6.—Selected Data for all Foreign Affiliates and all U.S. Parents in all Industries

	BEA code	By industry of affiliate—Affiliate data: Number of affiliates	Millions of dollars: Total assets	Millions of dollars: Sales [1]	Millions of dollars: Net income	Number of employees (thousands)	Millions of dollars: Employee compensation	Millions of dollars: U.S. direct investment position abroad	Millions of dollars: Direct investment income	By industry of U.S. parent—U.S. parent data: Number of U.S. parents	U.S. parent data: Total assets (millions of dollars)	Affiliate data: Number of affiliates	Affiliate data: Total assets (millions of dollars)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All industries		**18,339**	**1,348,494**	**1,026,891**	**36,010**	**6,816.0**	**114,539**	**207,320**	**21,922**	**2,245**	**3,754,218**	**18,339**	**1,348,494**
Petroleum		**1,801**	**195,210**	**329,005**	**10,650**	**410.7**	**11,666**	**57,397**	**8,859**	**143**	**486,604**	**2,475**	**237,215**
Oil and gas extraction		1,001	70,608	59,645	8,058	129.0	3,442	25,654	6,830	62	36,376	462	12,883
Crude petroleum extraction (no refining) and natural gas	133	559	59,095	50,684	5,915	59.7	1,564	20,431	5,242	36	17,327	76	4,637
Oil and gas field services	138	442	11,513	8,961	2,143	69.3	1,878	5,223	1,588	26	19,048	386	8,246
Petroleum and coal products		153	77,196	136,067	2,064	206.2	6,374	19,078	1,362	44	339,216	1,665	192,733
Integrated petroleum refining and extraction	291	22	36,664	57,382	1,726	135.8	4,606	12,023	1,112	36	332,578	1,628	190,809
Petroleum refining without extraction	292	94	39,920	77,839	303	67.2	1,715	6,941	242	2	(D)	17	(D)
Petroleum and coal products, nec	299	37	612	846	35	3.2	53	114	9	6	(D)	20	(D)
Petroleum wholesale trade	517	439	32,177	115,299	621	49.4	1,219	10,798	619	29	99,969	300	29,873
Other		208	15,229	17,994	-93	26.1	631	1,868	47	8	11,042	48	1,725
Petroleum tanker operations	441	120	8,569	4,502	-464	11.7	291	1,362	-13	2	(D)	16	(D)
Petroleum and natural gas pipelines	461	37	2,936	1,301	240	3.0	116	179	9	6	(D)	32	(D)
Petroleum storage for hire	470	24	801	197	41	1.4	25	90	25	0	0	0	0
Gasoline service stations	554	27	2,923	11,994	90	9.9	200	237	26	0	0	0	0
Manufacturing		**7,005**	**265,887**	**359,354**	**8,914**	**4,432.9**	**71,801**	**83,500**	**4,709**	**1,215**	**1,017,654**	**11,240**	**382,024**
Food and kindred products		689	21,262	39,023	1,354	447.7	5,394	7,471	906	71	79,981	1,134	29,090
Grain mill and bakery products		169	5,796	12,456	379	128.4	1,745	1,964	252	13	11,361	169	3,375
Grain mill products	204	128	4,555	10,151	328	73.9	1,180	1,609	222	12	(D)	168	(D)
Bakery products	205	41	1,241	2,305	51	54.5	565	354	30	1	(D)	1	(D)
Beverages	208	141	5,044	6,297	333	74.2	784	1,715	169	9	15,088	115	3,839
Other		379	10,422	20,270	642	245.2	2,865	3,793	485	49	53,532	850	21,876
Meat products	201	23	913	1,954	30	21.0	232	224	25	9	10,178	121	3,369
Dairy products	202	66	1,510	3,823	127	34.9	520	589	101	7	17,501	300	5,615
Preserved fruits and vegetables	203	48	1,101	1,790	40	46.3	316	462	38	7	6,353	122	2,630
Other food and kindred products	209	242	6,897	12,704	445	143.0	1,797	2,518	322	26	19,501	307	10,261
Chemicals and allied products		1,721	56,666	69,554	2,145	589.6	10,175	18,380	1,313	166	178,692	2,871	82,021
Industrial chemicals and synthetics	281	510	28,725	33,162	575	200.4	3,906	8,743	387	54	96,718	1,007	48,635
Drugs	283	500	10,581	13,102	782	176.9	2,743	3,626	362	30	36,824	1,031	19,026
Soap, cleaners, and toilet goods	284	278	5,778	11,064	372	120.5	1,894	2,436	315	36	22,283	509	9,407
Agricultural chemicals	287	72	2,531	2,981	132	22.7	367	1,000	104	9	13,970	109	2,336
Other		361	9,051	9,245	283	69.2	1,265	2,575	145	37	8,896	215	2,617
Paints and allied products	285	60	804	1,243	14	14.5	247	314	3	10	2,988	38	392
Chemical products, nec	289	301	8,247	8,002	269	54.7	1,018	2,261	142	27	5,908	177	2,225
Primary and fabricated metals		808	22,227	22,924	314	320.6	5,149	5,472	272	170	114,528	1,141	43,026
Primary metal industries		196	11,292	9,515	48	111.5	1,844	1,854	32	55	69,926	449	24,662
Ferrous	331	101	3,940	3,572	135	52.7	901	675	42	31	38,726	158	4,508
Nonferrous	335	95	7,352	5,943	-87	58.8	943	1,179	-9	24	31,200	291	20,154
Fabricated metal products		612	10,935	13,409	266	209.1	3,304	3,618	240	115	44,602	692	18,363
Metal cans and shipping containers	341	68	2,471	3,552	56	41.1	738	727	19	9	11,946	119	5,774
Cutlery, hand tools, and hardware	342	67	1,114	1,457	92	27.9	430	493	87	8	1,621	52	542
Plumbing fixtures and heating equipment, except electric	343	36	368	529	-2	10.1	168	152	(*)	12	1,893	35	378
Fabricated structural metal products	344	106	1,358	1,990	48	28.4	494	470	61	23	9,895	164	4,425
Screw machine products, bolts, etc.	345	47	605	692	25	13.6	203	175	14	8	500	20	231
Metal forgings and stampings	346	56	879	1,131	18	23.0	270	363	3	11	1,133	21	207
Fabricated metal products, nec, ordnance, and services	349	232	4,140	4,057	29	65.0	1,002	1,237	56	44	17,615	281	6,806
Machinery, except electrical		890	34,438	46,412	1,891	525.5	11,493	13,883	1,064	213	132,954	1,658	56,326
Farm and garden machinery	352	26	1,917	2,864	-276	36.3	699	451	-224	11	8,729	71	2,864
Construction, mining, and materials handling machinery	353	214	7,275	9,235	285	106.2	1,777	2,535	207	40	26,367	302	9,863
Office and computing machines	357	90	15,676	22,189	1,663	179.7	5,724	7,457	985	39	65,380	597	33,433
Other		560	9,569	12,123	219	203.4	3,294	3,441	96	123	32,477	688	10,165
Engines and turbines	351	32	1,211	1,470	22	19.8	346	596	-32	7	4,572	47	1,072
Metalworking machinery	354	106	1,496	1,788	12	28.8	514	637	9	28	4,465	125	1,948
Special industry machinery	355	106	2,283	2,804	85	46.9	799	521	49	31	3,434	140	1,691
General industry machinery and equipment	356	201	2,815	3,482	51	59.1	929	1,087	26	42	11,246	256	3,423
Refrigeration and service industry machinery	358	70	895	1,348	29	21.7	306	328	20	10	5,356	68	1,452
Machinery, except electrical, nec	359	45	869	1,231	21	27.0	399	271	25	5	3,404	52	580
Electric and electronic equipment		724	22,621	31,177	1,223	677.7	8,127	7,276	648	149	127,364	1,342	29,353
Household appliances	363	73	2,598	3,856	104	80.9	924	630	29	11	5,908	144	2,864
Radio, television, and communication equipment	366	96	6,900	9,232	342	197.1	3,033	1,961	135	30	46,011	397	8,076
Electronic components and accessories	367	292	6,435	9,577	489	230.3	1,944	2,042	296	64	18,688	284	5,546
Other		263	6,688	8,512	289	169.4	2,226	2,643	187	44	56,757	517	12,867
Electric lighting and wiring equipment	364	81	1,732	2,031	61	44.7	552	595	42	15	2,351	53	432
Electrical machinery, nec	369	182	4,956	6,481	228	124.7	1,674	2,048	145	29	54,406	464	12,435
Transportation equipment		369	55,636	86,856	112	926.4	17,624	11,178	-327	59	191,065	795	77,780
Motor vehicles and equipment	371	318	52,473	83,833	-16	868.8	16,624	10,132	-487	30	136,396	407	67,307
Other	379	51	3,164	3,023	128	57.6	1,000	1,046	160	29	54,669	388	10,473
Other manufacturing		1,804	53,037	63,408	1,874	945.3	13,840	19,839	833	387	193,070	2,299	64,428
Tobacco manufactures	210	92	6,573	6,851	338	73.0	893	1,847	76	9	27,187	246	12,880
Textile products and apparel		204	3,234	4,429	70	99.5	954	1,414	50	59	15,444	234	3,151
Textile mill products	220	104	1,883	2,340	29	39.7	436	764	19	34	8,539	111	1,357
Apparel and other textile products	230	100	1,351	2,089	41	59.8	518	649	31	25	6,905	123	1,794
Lumber, wood, furniture, and fixtures		90	1,474	1,928	11	42.1	554	563	(*)	32	17,522	83	2,064
Lumber and wood products	240	43	815	964	-14	25.5	276	320	-18	16	15,338	49	1,630
Furniture and fixtures	250	47	659	964	25	16.6	278	243	18	16	2,184	34	434
Paper and allied products		256	11,207	13,349	341	155.8	2,644	4,148	287	39	32,813	266	8,843
Pulp, paper, and board mills	262	61	5,760	6,144	1	66.0	1,241	1,634	33	18	26,779	125	5,787
Miscellaneous converted paper products	264	133	4,148	5,341	241	67.6	1,052	2,024	182	18	5,358	133	2,982
Paperboard containers and boxes	265	62	1,299	1,863	99	22.2	351	489	72	3	675	8	74
Printing and publishing	270	103	1,341	2,143	45	30.0	476	517	32	41	18,962	145	3,246
Rubber products	305	133	5,082	7,593	136	127.2	1,828	2,207	63	20	14,170	236	6,385
Miscellaneous plastics products	307	196	2,879	3,436	96	47.6	698	1,109	71	24	2,027	58	492
Glass products	321	75	3,773	3,687	91	59.8	863	768	43	9	8,321	117	3,774
Stone, clay, and other nonmetallic mineral products	329	163	4,017	4,203	101	73.3	1,079	1,286	-2	23	15,156	182	4,292
Instruments and related products		320	11,217	12,762	532	174.5	3,158	5,076	132	84	33,508	578	17,308
Scientific and measuring instruments	381	143	2,254	2,785	156	46.6	760	916	93	42	7,045	218	2,099
Optical and opthalmic goods	383	15	296	300	41	6.5	94	41	(D)	4	(D)	20	(D)
Medical instruments and supplies	384	111	1,610	1,932	98	34.6	519	707	88	24	3,826	88	959
Photographic equipment and supplies	386	41	6,895	7,438	298	77.6	1,656	3,368	-15	11	21,690	240	13,933
Watches, clocks, and watchcases	387	10	162	306	-60	9.2	128	44	(D)	3	(D)	12	(D)
Other		172	2,238	3,029	112	62.6	693	904	81	47	7,960	154	1,993
Leather and leather products	310	20	148	231	6	5.5	60	68	8	8	1,380	10	208
Miscellaneous manufacturing industries	390	152	2,091	2,797	106	57.1	633	836	73	39	6,579	144	1,785

Table 6.—Selected Data for all Foreign Affiliates and all U.S. Parents in all Industries—Continued

	BEA code	By industry of affiliate—Affiliate data								By industry of U.S. parent			
			Millions of dollars				Millions of dollars			U.S. parent data		Affiliate data	
		Number of affiliates	Total assets	Sales [1]	Net income	Number of employees (thousands)	Employee compensation	U.S. direct investment position abroad	Direct investment income	Number of U.S. parents	Total assets (millions of dollars)	Number of affiliates	Total assets (millions of dollars)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale trade		**3,699**	**57,911**	**123,302**	**2,406**	**477.6**	**10,093**	**21,070**	**1,700**	**168**	**43,418**	**709**	**14,680**
Durable goods		2,408	39,488	72,996	1,493	351.0	7,880	15,186	1,128	102	24,602	416	7,866
Motor vehicles and equipment	501	152	3,622	9,088	-48	33.2	590	653	-74	8	4,050	22	928
Lumber and construction materials	503	24	266	628	-12	2.6	36	81	14	3	79	5	21
Metals and minerals	505	149	3,320	16,764	82	5.0	137	631	41	19	4,772	98	2,212
Electrical goods	506	409	4,097	7,021	122	43.5	857	1,633	98	14	3,026	39	498
Hardware, plumbing, and heating equipment and supplies	507	65	652	1,055	9	8.5	157	202	12	4	(D)	17	89
Farm and garden machinery, equipment, and supplies	504	82	2,188	3,095	-25	14.7	321	952	-11	2	(D)	8	(D)
Machinery, equipment and supplies, nec	508	1,225	22,230	30,046	1,274	213.0	5,218	9,630	968	30	9,075	160	3,723
Durable goods, nec	509	302	3,113	5,299	91	30.5	563	1,406	80	22	3,205	67	(D)
Nondurable goods		1,291	18,423	50,306	913	126.6	2,213	5,884	572	66	18,816	293	6,815
Paper and paper products	511	58	594	1,063	28	10.1	140	195	20	5	1,305	18	81
Drugs, proprietaries, and sundries	512	348	3,509	4,531	208	30.9	596	1,566	182	4	(D)	21	(D)
Apparel, piece goods, and notions	513	82	795	1,329	23	10.6	154	206	13	4	86	11	34
Groceries and related products	514	171	2,326	6,172	96	19.1	283	671	45	17	1,998	33	321
Farm product raw materials	515	134	3,715	21,474	98	15.1	173	690	61	19	10,890	170	5,646
Nondurable goods, nec	519	498	7,485	15,737	461	40.8	868	2,555	250	17	(D)	40	(D)
Banking	**600**	**882**	**573,721**	**87,220**	**4,440**	**159.0**	**2,618**	**10,342**	**3,883**	**133**	**1,012,319**	**1,061**	**567,031**
Finance (except banking), insurance, and real estate		**2,423**	**182,813**	**31,510**	**6,508**	**129.8**	**2,426**	**17,618**	**1,394**	**234**	**677,469**	**1,152**	**100,180**
Finance, except banking		970	103,494	14,396	2,687	43.7	898	-9,828	-1,532	35	104,516	141	13,548
Franchising, business	611	1	(D)	(*)	(*)	0	0	(D)	(*)	1	(D)	1	(D)
Other	612	969	(D)	14,396	2,687	43.7	898	(D)	-1,531	34	(D)	140	(D)
Insurance		627	44,085	16,767	1,621	82.0	1,439	7,240	1,096	77	570,751	801	62,923
Life insurance	631	88	17,086	5,463	229	27.5	421	1,196	152	21	282,828	90	7,932
Accident and health insurance	632	35	1,884	895	83	2.3	47	431	80	7	21,533	21	2,263
Other	639	504	25,115	10,409	1,309	52.1	971	5,613	864	49	266,390	690	52,728
Real estate		111	1,609	259	42	2.0	23	549	23	5	1,827	21	(D)
Lessors of agricultural and forestry real estate	649	0	0	0	0	0	0	0	0	0	0	0	0
Real estate, nec	650	111	1,609	259	42	2.0	23	549	23	5	1,827	21	(D)
Holding companies	671	715	33,624	88	2,159	2.1	66	19,657	1,806	13	375	34	7,817
Nonbusiness entities, except Government	905	0	0	0	0	0	0	0	0	104	0	155	(D)
Services		**1,336**	**20,991**	**20,576**	**1,316**	**319.1**	**5,890**	**4,562**	**843**	**160**	[illegible]	**768**	**9,594**
Hotels and other lodging places	700	148	1,831	1,783	68	55.5	583	502	46	5	4,763	44	408
Business services		718	12,280	10,415	622	158.4	3,321	2,175	313	84	16,960	435	3,928
Advertising	731	182	1,635	1,608	100	29.5	692	325	66	20	3,534	177	1,485
Management, consulting, and public relations services	734	118	2,029	1,776	134	13.7	591	587	108	17	2,059	42	368
Equipment rental (ex. automotive and computers)	735	103	5,714	3,251	207	32.8	704	495	41	9	4,231	19	726
Computer and data processing services	737	97	893	1,014	28	12.2	312	248	30	16	2,953	55	437
Other		218	2,008	2,766	154	70.2	1,022	521	68	22	4,183	142	911
Research and development and testing laboratories	733	28	240	303	14	5.8	150	67	8	4	388	20	84
Employment agencies and temporary help supply services	736	18	129	414	9	4.6	67	42	6	2	(D)	32	(D)
Other	739	172	1,639	2,050	131	59.8	805	412	54	16	(D)	90	(D)
Motion pictures, including television tape and film	780	86	1,366	1,518	189	6.5	75	745	167	7	4,006	41	631
Engineering, architectural, and surveying services	891	166	1,848	3,563	82	31.7	959	404	56	26	7,481	108	2,072
Health services	892	28	1,157	949	189	18.1	257	9	142	10	9,436	37	1,117
Other services		190	2,510	2,349	165	49.0	696	728	120	28	10,071	103	1,438
Automotive rental and leasing	890	58	1,332	942	(D)	12.2	184	296	25	3	(D)	17	(D)
Accounting, auditing, and bookkeeping services	893	51	267	325	48	6.5	150	41	17	6	1,202	35	111
Legal services	895	13	(D)	(D)	(D)	(D)	(D)	8	(D)	3	(D)	13	(D)
Educational services	896	12	(D)	(D)	(*)	(D)	(D)	12	(D)	2	(D)	3	(D)
Other services provided on a commercial basis	897	56	834	948	69	25.7	315	371	65	14	4,385	35	910
Other industries		**1,193**	**51,961**	**75,923**	**1,775**	**887.0**	**10,045**	**12,830**	**533**	**192**	**464,039**	**934**	**37,769**
Agriculture, forestry, and fishing		103	1,404	1,548	-53	102.6	418	579	-66	12	3,291	61	1,303
Agricultural production - crops	10	50	826	1,011	-38	74.4	308	367	-50	7	2,779	45	1,119
Agricultural production - livestock	20	33	255	264	10	4.9	30	112	5	2	(D)	13	(D)
Agricultural production - beef cattle feedlots	21	0	0	0	0	0	0	0	0	1	(D)	1	(D)
Agricultural services	70	3	63	(D)	-4	1.9	9	5	(*)	0	0	0	0
Forestry	80	6	120	(D)	(D)	19.2	43	67	(D)	1	(D)	1	(D)
Fishing, hunting, and trapping	90	11	141	138	(D)	2.2	28	28	(D)	1	(D)	1	(D)
Mining		180	16,757	7,831	-113	140.5	2,057	5,263	60	11	3,599	23	1,586
Metal mining		122	13,595	5,875	-264	123.2	1,625	3,684	-132	4	1,581	14	(D)
Iron ores	101	14	3,495	1,751	-23	22.3	482	1,185	-54	2	(D)	10	(D)
Copper, lead, zinc, gold, and silver ores	102	52	6,355	2,572	40	68.6	779	1,852	-23	2	(D)	4	(D)
Bauxite and other aluminum ores	103	9	768	536	47	3.9	35	173	50	0	0	0	0
Other metallic ores	107	42	2,944	970	-331	27.4	313	450	-109	0	0	0	0
Metal mining services	108	5	33	46	4	1.0	16	24	3	0	0	0	0
Nonmetallic minerals		58	3,162	1,956	151	17.3	432	1,579	192	7	2,019	9	(D)
Coal	120	19	1,975	1,242	111	7.2	270	1,027	162	1	(D)	1	(D)
Nonmetallic minerals, except fuels	140	39	1,187	714	40	10.1	162	553	30	6	(D)	8	(D)
Construction	150	227	5,897	13,790	344	88.4	1,800	1,035	108	36	13,572	186	4,423
Transportation, communication, and public utilities		348	16,467	25,492	1,186	89.5	1,598	2,313	298	85	342,401	465	17,328
Transportation		289	6,686	(D)	(D)	47.1	777	1,730	209	49	52,509	240	5,060
Railroads	401	6	79	29	-14	.9	15	(D)	(D)	3	20,508	6	(D)
Water transportation	449	156	3,990	2,577	133	13.3	217	1,040	56	10	4,935	53	2,335
Transportation by air	450	21	603	1,149	479	13.1	192	72	(D)	9	17,263	71	1,172
Pipelines, except petroleum and natural gas	462	0	0	0	0	0	0	0	0	0	0	0	0
Travel agents	475	4	10	47	(*)	.2	2	(D)	(*)	3	(D)	3	(D)
Transportation and related services, nec	477	102	2,003	(D)	(D)	19.7	352	653	86	24	(D)	107	1,430
Communication and public utilities		59	9,781	(D)	(D)	42.4	820	582	89	36	289,892	225	12,268
Communication	480	37	(D)	1,238	142	21.8	490	113	28	11	(D)	135	7,647
Electric, gas, and sanitary services	490	22	(D)	(D)	(D)	20.6	330	469	61	25	(D)	90	4,622
Retail trade		335	11,437	27,261	411	466.0	4,172	3,640	134	48	101,176	199	13,129
Food stores and eating and drinking places	540	58	3,124	8,691	189	167.8	1,316	1,334	128	18	26,101	79	4,299
Retail trade, nec	590	277	8,312	18,570	222	298.2	2,856	2,306	5	30	75,074	120	8,830

(*) Less than $500,000(±) or 50 employees.
D Suppressed to avoid disclosure of data of individual companies.
1. Sales were not reported on the BE-10B BANK form. Thus, in this table, total income is used in place of sales for bank affiliates.

petroleum and mining exploration and development expenditures; employment and employee compensation; U.S. merchandise trade; technology; investment incentives; and performance requirements (requirements imposed by foreign governments as a condition for affiliates to operate in their countries).

Foreign affiliate financial and operating data were collected in parts I, II, IV, and V of the BE-10B (or part II of the 10B BANK) form. The most detail—covering all of the types of data listed above—was obtained for majority-owned nonbank affiliates. (A majority-owned affiliate is one in which the combined direct and indirect ownership interest of all U.S. parents exceeds 50 percent.) For minority-owned nonbank affiliates, complete balance sheets, income statements, and data on investment incentives and performance requirements were obtained; however, among the other types of financial and operating data, only seven items—U.S. merchandise exports shipped to affiliates by U.S. parents and by other U.S. persons; U.S. merchandise imports shipped by affiliates to U.S. parents and to other U.S. persons; property, plant, and equipment expenditures; total employment; and total employee compensation—were requested. The least detail—seven items—was obtained for bank affiliates.

U.S. parent financial and operating data were collected in part II of the BE-10A (or 10A BANK) form. As in the case of affiliates, much more detail was obtained for nonbank parents than for bank parents. Nonbank parents had to provide complete balance sheets and income statements and considerable detail for some of the other types of financial and operating data, such as technology; property, plant, and equipment; employment and employee compensation; and U.S. merchandise trade. Bank parents, on the other hand, had to complete only five items.

Most of the concepts and definitions used in reporting the financial and operating data can be found on the BE-10 forms or in the *Instruction Booklet* to the forms; the forms and *Instruction Booklet* are reproduced in the appendix to this publication. The following discussion focuses on conceptual, definitional, or statistical issues that require further explanation or that are not covered in the forms or *Instruction Booklet*.

General validity of data.—All financial and operating data reported for foreign affiliates and U.S. parents were required to pass certain basic computerized edit checks. The data were also reviewed by BEA for consistency with related data from other parts of the report form for the same affiliate or parent, with comparable data reported by other affiliates or parents, and with data available from outside sources. As a result of this process, a number of changes to the reported data were made, usually after consultation with reporters. However, some data items on the forms were not integrated with, or related to, data from other parts of the forms and could not be checked thoroughly. Consequently, these data are more likely to be subject to both reporting errors and underreporting than the integrated data. Particularly subject to error and underreporting were the data for bank parents and affiliates, the seven selected items listed above for minority-owned nonbank affiliates, and the data on employment, trade, technology, performance requirements, investment incentives, production royalty payments, taxes other than income and payroll taxes, and subsidies for nonbank parents and majority-owned nonbank affiliates.

In some cases, reporters had difficulty supplying the required information because the data were not easily accessible or were unavailable from their financial accounting records. Data on trade and employment were especially difficult for reporters to provide. For these data, reporters often made estimates, the quality of which is difficult to assess.

Balance sheet.—Balance sheet data for unincorporated foreign affiliates were reported differently in the 1982 benchmark survey than in past benchmark surveys of U.S. direct investment abroad. In the 1982 survey, receivables from, and liabilities to, these affiliates' U.S. parents and other owners had to be disaggregated among the various asset and liability categories in the balance sheet. (Similar disaggregation was required for data on the composition of the external financial position and for balance of payments data—see discussion of the direct investment position and balance of payments data below.) In previous benchmark surveys, in contrast, such receivables and liabilities were netted against each other and the net amount was reported as part of the single item, total owners' equity in unincorporated foreign affiliates, in the balance sheet.

Reporting for unincorporated foreign affiliates was changed in the 1982 benchmark survey so that treatment of these affiliates would parallel that of incorporated affiliates. This change was possible because, over time, accounting procedures for unincorporated businesses have become more like those for incorporated businesses.

Two conceptual issues relating to the balance sheets of insurance companies were encountered during processing of the benchmark survey. The first issue arose because insurance companies normally do not distinguish between current and noncurrent items in their balance sheets, as required by the survey. Making the distinction was particularly difficult in the case of marketable securities held by the insurance companies. The treatment of such securities thus varied from company to company. Some treated them as current, because they viewed them primarily as short-term reserves against losses that could be quickly sold or liquidated, even though the length of time to maturity exceeded 1 year. Others treated them as noncurrent, because they viewed them primarily as long-term investments, even though the securities might have to be sold or liquidated quickly in the event of insurance losses. In processing the data, it was decided to treat all marketable securities held by insurance companies as noncurrent. Therefore, for both U.S. parents and foreign affiliates in insurance, "other" current assets—which consisted largely of marketable securities—were combined with, and are shown in this publication as part of, "other noncurrent investments."

The second conceptual issue concerned the treatment of real estate investments of insurance companies. These investments could have been included in several different accounts in the balance sheet. A number of companies included them in the property, plant, and equipment account. That account, however, was intended to include only real estate actually used or occupied by the insurance companies, such as the buildings and premises used for their offices; it was not intended to include real estate held for investment purposes. In processing the data, real estate investments of the larger parents and affiliates were excluded from the property, plant, and equipment

Table 7.—Sales by all Foreign Affiliates, and Sales by and Employment of all U.S. Parents, by Industry of Enterprise and Industry of Sales

	Affiliate data		U.S. parent data			
	Sales [1] (millions of dollars)		Sales [1] (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales [2]
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	**1,026,891**	**1,026,891**	**2,465,170**	**2,465,170**	**19,440.2**	**19,440.2**
Petroleum	**329,005**	**324,640**	**570,213**	**499,078**	**1,225.3**	**651.9**
Oil and gas extraction	59,645	60,222	17,123	29,866	146.7	162.1
Crude petroleum extraction (no refining) and natural gas	50,684	50,793	5,517	14,695	20.4	31.4
Oil and gas field services	8,961	9,429	11,606	15,171	126.3	130.7
Petroleum and coal products	136,067	131,795	408,560	349,780	892.7	404.0
Integrated petroleum refining and extraction	57,382	55,565	400,967	341,973	877.8	382.7
Petroleum refining without extraction	77,839	75,171	(D)	4,721	5.8	5.6
Petroleum and coal products, nec	846	1,059	(D)	3,085	9.0	15.7
Petroleum wholesale trade	115,299	113,232	133,173	101,935	159.2	42.8
Other	17,994	19,391	11,356	17,497	26.7	42.9
Petroleum tanker operations	4,502	4,805	(D)	521	1.7	3.9
Petroleum and natural gas pipelines	1,301	2,562	(D)	12,955	25.0	16.9
Petroleum storage for hire	197	273	0	253	0	1.1
Gasoline service stations	11,994	11,751	0	3,767	0	21.1
Manufacturing	**359,354**	**342,439**	**1,017,591**	**934,065**	**10,532.8**	**8,798.8**
Food and kindred products	39,023	38,814	119,431	121,482	1,011.2	705.3
Grain mill and bakery products	12,456	11,113	18,825	25,704	176.4	143.9
Grain mill products	10,151	9,104	(D)	20,144	(D)	72.8
Bakery products	2,305	2,008	(D)	5,559	(D)	71.1
Beverages	6,297	6,409	14,805	19,046	86.3	114.4
Other	20,270	21,293	85,800	76,732	748.5	447.0
Meat products	1,954	2,125	23,806	22,681	178.7	94.3
Dairy products	3,823	3,097	23,205	9,283	177.0	46.5
Preserved fruits and vegetables	1,790	1,802	8,999	14,232	94.2	119.8
Other food and kindred products	12,704	14,269	29,791	30,536	298.5	186.4
Chemicals and allied products	69,554	67,994	169,628	136,655	1,364.6	769.8
Industrial chemicals and synthetics	33,162	30,029	88,618	70,278	660.1	374.0
Drugs	13,102	12,313	31,511	19,390	299.4	157.0
Soap, cleaners, and toilet goods	11,064	11,052	27,718	18,927	207.4	99.9
Agricultural chemicals	2,981	3,476	10,129	12,543	90.4	51.7
Other	9,245	11,124	11,653	15,517	107.4	87.2
Paints and allied products	1,243	1,475	5,383	4,217	58.6	30.9
Chemical products, nec	8,002	9,649	6,270	11,301	48.8	56.4
Primary and fabricated metals	22,924	23,659	100,142	90,416	976.2	847.2
Primary metal industries	9,515	9,663	58,131	54,741	523.4	469.3
Ferrous	3,572	3,548	34,342	32,425	351.4	288.5
Nonferrous	5,943	6,115	23,789	22,316	171.9	180.8
Fabricated metal products	13,409	13,996	42,011	35,676	452.8	378.0
Metal cans and shipping containers	3,552	3,337	13,509	5,620	113.2	37.9
Cutlery, hand tools, and hardware	1,457	1,341	1,815	2,752	25.5	37.3
Plumbing fixtures and heating equipment, except electric	529	714	1,788	1,232	24.9	16.1
Fabricated structural metal products	1,990	2,004	11,159	8,416	117.0	87.8
Screw machine products, bolts, etc.	692	721	601	1,509	8.1	20.5
Metal forgings and stampings	1,131	1,779	1,485	2,990	20.7	33.8
Fabricated metal products, nec, ordnance, and services	4,057	4,101	11,654	13,157	143.4	144.5
Machinery, except electrical	46,412	44,127	115,679	112,632	1,457.9	1,238.2
Farm and garden machinery	2,864	3,912	6,643	7,951	68.3	69.9
Construction, mining, and materials handling machinery	9,235	8,592	23,136	22,676	244.3	194.6
Office and computing machines	22,189	19,067	51,706	39,714	680.7	496.6
Other	12,123	12,557	34,194	42,291	464.6	477.2
Engines and turbines	1,470	1,468	4,815	10,180	57.8	97.6
Metalworking machinery	1,788	1,833	4,326	6,366	53.7	82.7
Special industry machinery	2,804	2,812	3,593	5,612	48.3	66.9
General industry machinery and equipment	3,482	3,776	12,320	12,608	151.0	143.7
Refrigeration and service industry machinery	1,348	1,377	5,255	5,164	107.5	62.1
Machinery, except electrical, nec	1,231	1,291	3,884	2,360	46.3	24.2
Electric and electronic equipment	31,177	29,907	126,194	99,326	1,619.5	1,340.8
Household appliances	3,856	4,243	8,088	10,588	91.9	128.8
Radio, television, and communication equipment	9,232	7,965	47,543	41,999	609.9	557.4
Electronic components and accessories	9,577	10,098	20,542	20,032	290.1	310.1
Other	8,512	7,600	50,021	26,707	627.6	344.4
Electric lighting and wiring equipment	2,031	2,151	3,121	6,074	48.2	84.8
Electrical machinery, nec	6,481	5,449	46,900	20,633	579.4	259.6
Transportation equipment	86,856	75,260	182,242	164,133	1,687.3	1,486.9
Motor vehicles and equipment	83,833	71,987	110,523	95,557	828.0	723.6
Other	3,023	3,272	71,719	68,576	859.4	763.3
Other manufacturing	63,408	62,677	204,276	209,421	2,416.0	2,410.7
Tobacco manufactures	6,851	6,970	22,703	14,650	161.0	68.9
Textile products and apparel	4,429	4,720	23,612	26,160	437.7	485.6
Textile mill products	2,340	2,414	12,543	13,144	222.3	232.5
Apparel and other textile products	2,089	2,306	11,069	13,016	215.4	253.2
Lumber, wood, furniture, and fixtures	1,928	2,414	17,604	17,074	174.1	212.5
Lumber and wood products	964	1,423	14,196	12,079	126.1	126.3
Furniture and fixtures	964	991	3,407	4,996	48.0	86.2
Paper and allied products	13,349	12,269	31,348	36,729	293.5	297.5
Pulp, paper, and board mills	6,144	5,613	23,838	16,836	208.5	125.3
Miscellaneous converted paper products	5,341	4,764	6,488	12,906	69.0	107.7
Paperboard containers and boxes	1,863	1,892	1,021	6,987	16.0	64.5
Printing and publishing	2,143	1,940	22,577	21,973	276.8	254.7
Rubber products	7,593	7,003	17,566	10,959	200.4	98.8
Miscellaneous plastics products	3,436	4,267	2,624	11,296	35.7	118.2
Glass products	3,687	3,802	8,832	8,628	108.8	101.6
Stone, clay, and other nonmetallic mineral products	4,203	4,096	13,406	11,831	140.1	117.3
Instruments and related products	12,762	11,815	33,452	35,160	427.6	446.8
Scientific and measuring instruments	2,785	2,594	7,718	10,552	124.1	153.7
Optical and opthalmic goods	300	324	(D)	1,534	9.2	20.5
Medical instruments and supplies	1,932	2,239	3,225	9,447	51.6	136.9
Photographic equipment and supplies	7,438	6,398	21,281	12,950	234.5	127.2
Watches, clocks, and watchcases	306	261	(D)	676	8.3	8.5
Other	3,029	3,381	10,552	14,961	160.4	208.7
Leather and leather products	231	241	2,674	2,085	56.0	48.4
Miscellaneous manufacturing industries	2,797	3,140	7,878	12,876	104.4	160.3

Table 7.—Sales by all Foreign Affiliates, and Sales by and Employment of all U.S. Parents, by Industry of Enterprise and Industry of Sales—Continued

	Affiliate data		U.S. parent data			
	Sales [1] (millions of dollars)		Sales [1] (millions of dollars)		Number of employees (thousands)	
	By industry of affiliate	By industry of sales	By industry of U.S. parent	By industry of sales	By industry of U.S. parent	By industry of sales [2]
	(1)	(2)	(3)	(4)	(5)	(6)
Wholesale trade	**123,302**	**135,427**	**129,493**	**164,092**	**396.7**	**379.8**
Durable goods	72,996	84,316	52,082	85,748	189.0	221.3
Motor vehicles and equipment	9,088	17,025	9,115	12,365	21.2	24.3
Lumber and construction materials	628	626	(D)	2,078	(D)	7.4
Metals and minerals	16,764	19,827	7,989	21,894	10.8	17.0
Electrical goods	7,021	7,915	5,482	10,812	30.0	49.2
Hardware, plumbing, and heating equipment and supplies	1,055	871	(D)	2,220	4.4	12.0
Farm and garden machinery, equipment, and supplies	3,095	3,787	(D)	2,825	1.0	5.1
Machinery, equipment and supplies, nec	30,046	28,329	10,672	14,247	99.0	71.4
Durable goods, nec	5,299	5,936	17,696	19,307	(D)	34.9
Nondurable goods	50,306	51,111	77,412	78,344	207.8	158.5
Paper and paper products	1,063	1,927	3,768	6,762	18.1	31.8
Drugs, proprietaries, and sundries	4,531	4,124	(D)	4,403	44.3	15.2
Apparel, piece goods, and notions	1,329	1,473	129	1,928	.8	4.4
Groceries and related products	6,172	6,289	8,763	13,823	28.8	53.3
Farm product raw materials	21,474	20,820	54,702	41,674	98.7	19.5
Nondurable goods, nec	15,737	16,478	(D)	9,754	17.2	34.3
Banking	**87,220**	**85,973**	**116,648**	**113,920**	**733.8**	**714.8**
Finance (except banking), insurance, and real estate	**31,510**	**32,376**	**196,626**	**223,687**	**1,005.9**	**961.0**
Finance, except banking	14,396	15,280	15,984	47,768	95.8	248.9
Franchising, business	(*)	25	(D)	302	.4	3.4
Other	14,396	15,255	(D)	47,467	95.5	245.5
Insurance	16,767	16,782	180,472	172,371	907.8	679.5
Life insurance	5,463	4,348	60,426	58,417	240.2	188.8
Accident and health insurance	895	1,866	8,924	26,293	47.9	108.3
Other	10,409	10,568	111,122	87,661	619.7	382.5
Real estate	259	254	170	3,548	2.2	32.6
Lessors of agricultural and forestry real estate	0	(*)	0	(*)	0	(*)
Real estate, nec	259	254	170	3,548	2.2	32.6
Holding companies	88	61	0	0	(*)	(*)
Nonbusiness entities, except Government	0	0	0	0	0	0
Services	**20,576**	**28,199**	**46,745**	**81,838**	**993.8**	**1,444.9**
Hotels and other lodging places	1,783	1,868	4,763	4,606	162.9	144.5
Business services	10,415	16,783	16,399	32,880	312.3	550.8
Advertising	1,608	1,600	3,424	2,854	48.2	39.3
Management, consulting, and public relations services	1,776	1,762	1,491	2,096	15.9	30.4
Equipment rental (ex. automotive and computers)	3,251	2,652	1,187	3,896	5.4	26.3
Computer and data processing services	1,014	6,728	3,426	12,514	65.4	181.7
Other	2,766	4,041	6,869	11,520	177.3	273.1
Research and development and testing laboratories	303	361	(D)	732	19.9	19.2
Employment agencies and temporary help supply services	414	403	(D)	867	47.5	46.5
Other	2,050	3,277	5,347	9,920	109.9	207.4
Motion pictures, including television tape and film	1,518	1,521	2,588	6,232	44.0	55.2
Engineering, architectural, and surveying services	3,563	4,026	5,443	12,452	73.3	138.7
Health services	949	949	8,199	9,642	228.1	267.3
Other services	2,349	3,053	9,354	16,027	173.1	288.4
Automotive rental and leasing	942	962	3,082	4,883	30.7	53.7
Accounting, auditing, and bookkeeping services	325	327	3,366	3,426	59.9	60.8
Legal services	(D)	60	164	210	2.3	3.3
Educational services	75	76	(D)	474	1.4	6.5
Other services provided on a commercial basis	(D)	1,628	(D)	7,034	78.8	164.1
Other industries	**75,923**	**76,138**	**387,854**	**400,508**	**4,551.9**	**4,931.9**
Agriculture, forestry, and fishing	1,548	1,566	2,986	4,402	16.9	40.4
Agricultural production - crops	1,011	974	2,773	2,330	14.7	22.8
Agricultural production - livestock	264	291	(D)	811	1.7	6.0
Agricultural production - beef cattle feedlots	0	3	(D)	657	.1	(D)
Agricultural services	(D)	87	0	371	0	5.1
Forestry	(D)	78	(D)	(D)	.2	4.5
Fishing, hunting, and trapping	138	132	(D)	(D)	.1	(D)
Mining	7,831	7,725	1,699	16,017	14.9	144.8
Metal mining	5,875	5,831	564	3,618	7.8	33.7
Iron ores	1,751	1,687	(D)	482	5.4	4.2
Copper, lead, zinc, gold, and silver ores	2,572	2,594	(D)	1,534	2.4	16.0
Bauxite and other aluminum ores	536	607	0	0	0	0
Other metallic ores	970	897	0	946	0	7.3
Metal mining services	46	46	0	656	0	6.2
Nonmetallic minerals	1,956	1,894	1,134	12,399	7.1	111.0
Coal	1,242	1,235	(D)	8,888	(D)	78.5
Nonmetallic minerals, except fuels	714	658	(D)	3,511	(D)	32.6
Construction	13,790	13,640	30,999	32,676	251.0	270.7
Transportation, communication, and public utilities	25,492	25,028	196,027	184,393	2,040.4	1,912.0
Transportation	(D)	6,171	47,902	56,334	619.0	694.8
Railroads	29	53	12,723	15,035	167.7	195.7
Water transportation	2,577	2,759	1,795	5,736	11.7	36.4
Transportation by air	1,149	1,129	19,613	18,727	211.2	164.8
Pipelines, except petroleum and natural gas	0	0	0	(D)	0	(D)
Travel agents	47	56	(D)	418	1.5	4.4
Transportation and related services, nec	(D)	2,174	(D)	(D)	226.9	(D)
Communication and public utilities	(D)	18,857	148,125	128,059	1,421.4	1,217.2
Communication	1,238	1,241	96,489	82,220	1,200.2	1,026.8
Electric, gas, and sanitary services	(D)	17,616	51,637	45,840	221.2	190.4
Retail trade	27,261	28,180	156,144	163,021	2,228.8	2,564.0
Food stores and eating and drinking places	8,691	7,875	66,741	63,929	864.6	987.6
Retail trade, nec	18,570	20,304	89,402	99,091	1,364.2	1,576.5
Central administrative offices						**888.4**
Not specified by industry		**1,697**		**47,981**		**668.9**

(*) Less than $500,000(±) or 50 employees.

D Suppressed to avoid disclosure of data of individual companies.

1. Sales were not reported on the BE-10A BANK and BE-10B BANK forms. Thus, in this table, total income is used in place of sales for bank parents and affiliates.

2. Bank parents were not required to disaggregate their employment by industry of sales. The distribution of employment by industry of sales for bank parents was, therefore, estimated by multiplying each parent's total employment by the percentage of its sales that were in each industry.

account, and were included instead in "other noncurrent assets." For most analytical purposes, however, a broader measure of the stock of property, plant, and equipment—defined to include property, plant, and equipment *wherever carried in the balance sheet*—is desirable. This broader concept is used in tables II.L1 and III.L1 for U.S. parents, and in tables III.C1, III.C2, and III.C3 for affiliates, in this publication.

Income statement.—In the 1982 benchmark survey, income statements of foreign affiliates and U.S. parents were reported in accordance with GAAP. The income statements of foreign affiliates, as reported in the 1982 survey, differ conceptually from those reported in the 1977 benchmark survey, primarily because of differences in the treatment of exchange gains and losses. As noted earlier, some companies that, in 1977, used FASB 8 as the basis for accounting for exchange gains and losses in their affiliates' income statements had, by 1982, shifted to using FASB 52 instead. (See discussion of exchange gains and losses and translation adjustments above.)

For affiliates or U.S. parents engaged in the extraction of natural resources, net income is after deduction of book depletion, that is, those expenses representing the periodic chargeoff of the actual cost of capital assets related to the extraction of natural resources. Tax or percentage depletion is not deducted. The deduction of book, rather than tax or percentage, depletion is in conformance with GAAP. Book depletion is deducted because it reflects the actual cost incurred in purchasing the property containing the natural resources, acquiring the mineral rights, etc. Tax or percentage depletion, on the other hand, may bear no relationship to the actual cost incurred.

Sales.—Sales are defined as gross sales minus returns, allowances, and discounts, or gross operating revenues, both exclusive of sales and consumption taxes levied directly on consumers, net value-added taxes, and excise taxes levied on manufacturers, wholesalers, or retailers. On the BE-10A BANK and BE-10B BANK forms, sales were not reported. Thus, in this publication, sales of parents and affiliates for which BE-10A BANK or BE-10B BANK forms were filed are considered to be equal to their total income, which was reported.

In the 1982 benchmark survey, for the first time, total sales by U.S. parents and by majority-owned nonbank foreign affiliates had to be disaggregated to show sales of goods separately from sales of services. For this purpose, sales of goods were defined as those sales associated with industries coded in the 000, 100, 200, 300, or 500 series, except 070, 108, and 138; sales of services were defined as those sales associated with industries coded in the 400, 600, 700, or 800 series, or in codes 070, 108, or 138. (See the *Direct Investment Industry and Foreign Trade Classifications Booklet*, reprinted in the appendix, for a description of these codes.) When a sale consisted of both goods and services and the two components could not be unbundled because, for example, the goods and services were not separately billed, the total sale was classified as a good or service depending upon which component accounted for the most value.

Total sales by majority-owned nonbank affiliates also had to be disaggregated by destination to show local sales, sales to the United States, and sales to other countries. Local sales of a given affiliate are sales charged by the affiliate to persons in its own country of location. All sales by affiliates classified in "International" are considered local.

Employment and employee compensation.—In the benchmark survey, employment was defined as the number of full-time and part-time employees on the payroll at the end of fiscal year 1982. A count taken during, rather than at the end of, fiscal year 1982 was acceptable if it was a reasonable proxy for the end-of-year number. In either case, if employment was unusually high or low because of temporary factors (for example, a strike) or large seasonal variations, the number that reflected normal operations, or an average for fiscal year 1982, was required.

This definition differed from the one used in the 1977 benchmark survey. In that survey, employment was defined as the average number of full-time and part-time employees for the reporting period; an end-of-year figure was permitted only if employment did not vary significantly during the year due to temporary or seasonal factors. The change in definition between the 1977 and 1982 surveys was made to ease the reporting burden on respondents, most of whom found an end-of-period figure easier to provide than an average. The change, which was primarily one of emphasis, probably does not significantly affect the comparability of the 1977 and 1982 data.

Employment of U.S. parents can be classified both by industry of parent and, for the first time, by industry of sales. As discussed in the industry classification section, the latter is based on information supplied by each U.S. parent on employment in the individual three-digit industries in which it also had sales. Employment of foreign affiliates can be classified by industry of affiliate but not by industry of sales. The information needed for the latter classification was not obtained in the 1982 benchmark survey, because the 1977 survey results had indicated that most affiliates, unlike most U.S. parents, had sales and, therefore, employment in only one or two three-digit industries. The 1982 survey confirms the 1977 results; it shows that, in 1982, fewer than 10 percent of foreign affiliates had sales in more than two industries. Thus, the distribution of affiliate employment by industry of sales probably would not differ significantly from that by industry of affiliate.

The employment and employee compensation data from the benchmark survey can be used to compute compensation per employee or wages and salaries per employee for U.S. parents and foreign affiliates. The resulting rates, however, may be misleading (and, thus, are not shown in this publication) for two reasons. First, in the employment data, a part-time employee is counted the same as a full-time employee. Thus, compensation per employee and wages and salaries per employee may vary across parents or affiliates simply because of differences in the number of their part-time workers. Second, compensation per employee and wages and salaries per employee may be distorted by data for businesses or business segments acquired or sold during the year. For a newly acquired business, for example, reported compensation data often covered only the portion of the year that the business was in the universe. Employment of the business, however, was reported as of yearend. When compensation data are only for a portion of the year, but employment is as of yearend, compensation per employee and wages and salaries per employee are understated.

When using the 1982 benchmark survey data, better measures of compensation for U.S. parents and foreign affiliates than either compensation per employee or wages and salaries per employee are hourly compensation and wage rates. The information needed to derive hourly compensation and wage rates was collected in the survey for production workers of those U.S. parents and foreign affiliates that had manufacturing activities. (The data were collected only for production workers because data on hours worked by nonproduction workers are generally not maintained by reporters and because aggregate hourly compensation and wage rates for the United States and foreign countries, to which the benchmark survey data might be compared, are limited to production workers.) U.S. parents had to report the data separately for each manufacturing industry in which they had sales. Thus, data on hourly compensation and wage rates paid to the parents' manufacturing production workers can be disaggregated by industry of sales as well as by industry of parent. Unlike U.S. parents, for each of these data items, affiliates had to report only one number covering all manufacturing industries in which they had sales. Consequently, for affiliates, no disaggregation of hourly compensation and wage rates by industry of sales is possible. However, as noted earlier, most affiliates had sales in only one industry so that hourly rates by industry of sales would probably not differ significantly from those by industry of affiliate.

For U.S. parents, tables II.03 and III.03 in this publication show employment, compensation, and hourly rates of production workers associated with the parents' manufacturing sales, disaggregated by industry of sales. Table III.04 shows the parents' data disaggregated by industry of parent.

In the 1977 benchmark survey, employment and compensation data for both parents and affiliates could be disaggregated only by industry of enterprise. For U.S. parents, therefore, table III.04, rather than table II.03 or III.03, in this publication should be used for comparison with the 1977 data.

It should be noted, that, for both parents and affiliates, the 1982 data disaggregated by industry of enterprise cover only production workers that (1) are engaged in manufacturing activities and (2) are employed by parents or affiliates classified in manufacturing. The published data from the 1977 benchmark survey covered production workers employed by parents and affiliates classified in manufacturing, regardless of whether those workers were actually engaged in manufacturing activities.[6] The differences between the two sets of data, however, are probably small, because parents and affiliates in manufacturing have relatively few production workers engaged in nonmanufacturing activities.

U.S. merchandise trade.—The concepts and definitions underlying the data on U.S. merchandise trade of U.S. parents and foreign affiliates are nearly identical to those used for the all-U.S. merchandise trade data compiled by the Census Bureau. The trade data were particularly difficult for reporters to provide, but BEA's review of the data indicates that, except as noted below, they are probably reasonably comparable with the Census data.

The benchmark survey forms asked that the U.S. merchandise trade data be reported on a "shipped" basis—that is, on the basis of when, where, and to (or by) whom the goods were physically shipped—in order for them to be comparable with the Census data. However, most reporters keep their books on the "charged" basis—that is, on the basis of when, where, and to (or by) whom the goods were charged. Differences between these two bases can be substantial. Such differences may arise, for example, when a U.S. parent buys goods from an affiliate in country A and sells them to an affiliate in country B, but the goods are shipped directly from country A to country B. When it records the transactions on its books, the U.S. parent would show a purchase charged to it from country A and a sale charged by it to country B. If the parent's trade data were reported on the charged basis in the benchmark survey, the purchase and sale would have appeared as a U.S. import and U.S. export, respectively. However, the goods never physically entered or left the United States and, on a shipped basis, should have been recorded neither as a U.S. import nor as a U.S. export.

Based on its review, BEA believes most data were reported on a shipped rather than on a charged basis. However, some reporters had difficulty obtaining data on a shipped basis, which usually required use of shipping department invoices rather than accounting records. BEA required revised reports to be filed when it determined that the data were on a charged basis. However, some cases of erroneous reporting were probably not identified or corrected.

Another difference between the trade data in this publication and the Census trade data is that the former are on a fiscal-year basis while the latter are on a calendar-year basis. Although this could be an important source of noncomparability between the two sets of data, the extent of such noncomparability is unknown.

It should also be noted that Census and BEA trade data come from two different sources—the BEA data are based on company records, whereas the Census data are compiled from export and import documents filed by shippers with the U.S. Customs Service on each individual transaction. The timing, valuation, origin or destination, shipper, and product involved in a given export or import transaction may have been recorded differently on company records and on the Customs export and import documents.

In this publication, exports and imports of U.S. parents and foreign affiliates are disaggregated into 12 product categories, based on the *Standard International Trade Classification, Revision 2* (United Nations Statistical Papers, Series M, No. 34/Rev. 2), hereinafter referred to as the SITC. (See the *Direct Investment Industry and Foreign Trade Classifications Booklet*, pages 21-24, for a description of the categories used.)

Several problems of classification in the benchmark survey were observed. One was in the classification of certain parts and accessories for transportation equipment. In the SITC, some transport equipment parts that are shipped separately are included in "road vehicles and parts" or in "other transport equipment," based on the part's end use; other parts are included in SITC categories

6. In the 1977 benchmark survey, data were actually collected on production workers of parents and affiliates classified in *all* industries, not just of those classified in manufacturing. However, BEA determined that the data were of publishable quality only for production workers of parents and affiliates classified in manufacturing; companies in other industries had difficulty providing the data because they normally do not distinguish between production and nonproduction workers in their employment and payroll records.

appropriate to the type of part, based on the principal material from which it is made or on its general function. Some reporters had difficulty distinguishing in their records between parts that should have been included in "road vehicles and parts" or "other transport equipment" and parts that should have been included in other categories. BEA reviewed reports with large trade values and, after discussions with reporters, revised those with incorrect reporting. However, reports with low values were not reviewed and, in some cases, reporters may have erroneously included both types of parts in "road vehicles and parts" or "other transport equipment." Thus, these two categories may be overstated and other categories, particularly machinery, may be understated to an unknown extent.

Another classification problem involved soybean exports. In the SITC, soybeans, other oil seeds, and oleaginous fruit are included in "crude materials, inedible, except fuels." Some reporters, however, incorrectly included these products in "food and live animals chiefly for food." Reports with large values were reviewed by BEA and revised data were obtained for those reports found to be incorrect.

Total U.S. trade associated with U.S. parents and their foreign affiliates consists of (1) trade between U.S. parents and their foreign affiliates, (2) trade between other U.S. persons and foreign affiliates, and (3) trade between U.S. parents and unaffiliated foreigners. Data on trade between U.S. parents and their foreign affiliates were collected on both the BE-10A and BE-10B forms; on the BE-10A form, total trade of a given U.S. parent with all of its foreign affiliates combined was reported, while on the BE-10B form, trade of the U.S. parent with only the individual foreign affiliate covered by that form was reported. In theory, the sum of a U.S. parent's trade with each of its individual foreign affiliates, as reported on the BE-10B forms for those affiliates, should equal the parent's total trade with all of its affiliates combined, as reported on the parent's BE-10A form. In fact, however, the sum of the data from the affiliates' BE-10B forms may not equal the total reported on their parent's BE-10A form because of differences in timing and valuation, and because the parent's BE-10A form may include data for affiliates that are exempt from being reported on the BE-10B form. In this publication, the data on trade between parents and affiliates used in computing total U.S. trade associated with U.S. parents and their foreign affiliates are derived from the affiliates' BE-10B forms rather than from the U.S. parents' BE-10A forms. (The data derived from the parent's BE-10A forms are shown as an addendum only.) Data on trade between other U.S. residents and foreign affiliates are also derived from the affiliates' BE-10B forms. However, data on trade between U.S. parents and unaffiliated foreigners are from the parents' BE-10A forms.

Direct investment position and balance of payments data

The direct investment position and balance of payments data cover U.S. parents' positions in, and transactions with, their foreign affiliates; in contrast, affiliate financial and operating data, discussed above, cover the activities of the foreign affiliates themselves, including positions in, and transactions with, them by all persons, not just their U.S. parents. For example, the U.S. direct investment position abroad is equal to U.S. parents' equity in, and net outstanding loans to, their foreign affiliates; foreign affiliates' total assets, in contrast, are equal to the sum of total owners' equity in affiliates held by both U.S. parents and all other persons and total liabilities owed by affiliates to both U.S. parents and all other persons.

Data for the position and balance of payments items were reported in part III of the BE-10B (or BE-10B BANK) form. The balance of payments items consist primarily of transactions between parents and their affiliates, or transactions between parents and other persons that change the parents' equity in their affiliates. Beginning with the publication of estimates based on the 1982 benchmark survey, the major items that will appear directly in the U.S. balance of payments accounts for U.S. direct investment abroad are:

- Direct investment capital outflows
- Direct investment income
- Direct investment royalties and license fees
- Other direct investment services

As discussed earlier, the direct investment position and balance of payments data collected in the 1982 benchmark survey and shown in this publication are on a fiscal-year basis, whereas the data in the U.S. balance of payments accounts and in BEA's annual series on the direct investment position have been, and will continue to be, on a calendar-year basis. When data from the 1982 benchmark survey are incorporated into the U.S. balance of payments accounts and the annual series on the position, they will be adjusted to a calendar-year basis. These adjusted data for 1982 will also be extrapolated forward to derive universe estimates for subsequent calendar years based on sample data for those years. The adjusted 1982 data and the estimates for calendar years 1983-85, based on the adjusted 1982 data, are scheduled for publication in the June and August 1986 issues of the SURVEY OF CURRENT BUSINESS.

The position and balance of payments data included here differ from data from the 1977 benchmark survey because the basis of reporting for unincorporated affiliates differs. As noted earlier, reporting for these affiliates was changed to make it comparable with that for incorporated affiliates. Thus, in the 1982 benchmark survey, unincorporated affiliates' payables to, and receivables from, their U.S. parents had to be disaggregated among the various payable and receivable categories in the affiliates' intercompany accounts; in the 1977 benchmark survey, the net amount of such payables and receivables, together with the U.S. parents' equity position in the affiliates, were reported in a single summary account. Also, in the 1982 survey, earnings of unincorporated affiliates were disaggregated into the portion distributed to U.S. parents and the portion reinvested in the affiliates, whereas in the 1977 survey all such earnings were reported as a single item. Although these changes do not affect the totals for the direct investment position or the major items that appear directly in the U.S. balance of payments accounts, they do affect the individual components of these items.

Data on the new basis for unincorporated affiliates have been reported in BEA's quarterly sample surveys since 1982, in anticipation of their being used to extrapolate forward the data from the 1982 benchmark survey to derive universe estimates for subsequent years. However, the 1982 benchmark survey data have not been available until now. BEA nevertheless published preliminary estimates on the new basis for 1982 forward in the June and August 1984, and June and August 1985, issues of the SURVEY. The estimates consisted primarily of the reported sample data, but were reasonably complete because the reported data covered such a large proportion of the universe of unincorporated affiliates.[7] Revised universe estimates extrapolated from the 1982 benchmark survey data are scheduled for publication in the June and August 1986 issues of the SURVEY.

U.S. direct investment position abroad.—As noted above, the U.S. direct investment position abroad is equal to U.S. parents' equity in, and net outstanding loans to, their foreign affiliates. The position may be viewed as the U.S. parents' contribution to the total assets of their foreign affiliates or as financing provided by U.S. parents to their affiliates in the form of either equity or debt. The data are derived from the foreign affiliates' books at yearend.

U.S. parents' equity in incorporated foreign affiliates consist of the U.S. parents' holdings of capital stock in, and other capital contributions to, their affiliates and U.S. parents' equity in the retained earnings of their affiliates.

Capital stock includes all stock of affiliates, whether common or preferred, voting or nonvoting. Other capital contributions by U.S. parents, also referred to as the U.S. parents' equity in additional paid-in capital, consist of capital, invested or contributed, that is not included in capital stock, such as amounts paid for stock in excess of its par or stated value, capitalizations of intercompany accounts (conversions of debt to equity) that do not result in the issuance of capital stock, and donations. U.S. parents' equity in retained earnings is the U.S. parents' shares of the undistributed earnings of their incorporated foreign affiliates.

U.S. parents' equity in unincorporated affiliates consists of U.S. parents' shares of the affiliates' total owners' equity. No breakdown of owners' equity by type was obtained for these affiliates.

The U.S. parents' net outstanding loans to their foreign affiliates, also referred to as the affiliates' net intercompany account payables to U.S. parents, consist of trade accounts and trade notes payable, other current liabilities, and long-term debt owed by the affiliates to their U.S. parents, net of similar items due to the affiliates from their U.S. parents.

Intercompany accounts include the net book value of all capital leases and of operating leases of more than 1 year. The net book value of property leased to a foreign affiliate by its U.S. parent is included in affiliates' payables, and the net book value of property leased by a foreign affiliate to its U.S. parent is included in affiliates' receivables. Capital leases recognize that title to the leased property will be transferred to the lessee at the termination of the lease—similar to an installment sale. Operating leases have a term that is signficantly shorter than the expected useful life of the tangible property being leased, and there is usually an expectation that the leased property will be returned to the lessor at the termination of the lease. For capital leases, the net book value of the leased property is the amount of principal payments remaining due; for operating leases of more than 1 year, the net book value is the original cost of the leased property less accumulated depreciation.

Intercompany accounts also include outstanding funds borrowed from unaffiliated foreigners and then reloaned to U.S. parents by Netherlands Antilles finance affiliates. Typically, Netherlands Antilles finance affiliates have been established to provide U.S. parents with a means of raising funds abroad without having the associated interest payments subjected to a 30-percent U.S. withholding tax on interest payments to foreigners.[8] The payments were exempted from the withholding tax by a treaty between the United States and the Netherlands Antilles. The funds reloaned to parents have been included in the intercompany accounts and, hence, in the U.S. direct investment position abroad since 1977; before 1977, they were treated as direct borrowing by the U.S. parents from unaffiliated foreigners and were included in portfolio investment. Under the present treatment, the funds reloaned to U.S. parents are recorded in the intercompany accounts as receivables by the Netherlands Antilles finance affiliates from their U.S. parents. Such receivables, when netted against payables, reduce affiliates' net intercompany account payables to U.S. parents and, hence, the direct investment position.

As a result of the change in treatment of unincorporated affiliates discussed earlier, U.S. parents' equity in, and intercompany accounts with, these affiliates, which previously were reported together in a single summary account, were, in the 1982 benchmark survey, reported separately. The equity portion is now included, together with equity in incorporated affiliates, as part of U.S. parents' shares of total owners' equity in all affiliates, and the intercompany account portion is included, together with intercompany accounts of incorporated affiliates, as part of intercompany accounts of U.S. parents with all foreign affiliates. The intercompany account portion is further disaggregated into payables and receivables.

For affiliates that are banks, the direct investment position is defined to include only their parents' permanent debt and equity investment in them; similarly, the direct investment flows that enter the U.S. balance of payments accounts for these affiliates include only transactions related to such permanent investment. All other transactions and positions—mainly claims and liabilities arising from the parents' and affiliates' normal banking business—are excluded from the direct investment accounts because they are more properly included with other banking claims and liabilities in the portfolio investment accounts.

The definition of permanent investment may vary somewhat from bank to bank. Examples of such investment are funds from parents that are used to establish or acquire the affiliates or that finance the affiliates' purchases of property, plant, and equipment.

The relationship between a U.S. parent and its foreign affiliate may be a two-way one, in which each may have debt and equity investment in the other. Thus, a U.S.

7. The estimates for the first quarter of 1982 are exceptions. Sample data on the new basis were not reported to BEA until the second quarter of 1982. Thus, the first quarter estimates were made by extrapolating backward the sample data reported for subsequent quarters. These estimates may be subject to large revisions.

8. The withholding tax was repealed in July 1984.

parent may have investment in a foreign affiliate that, in turn, has investment in it as a result of the affiliate's lending funds to, or acquiring voting securities or other equity interest in, the U.S. parent. As discussed earlier, in the intercompany accounts of the position, affiliate receivables from their U.S. parents (reverse debt investment) are netted against affiliate payables to their U.S. parents. The question arises as to whether affiliates' equity investment in their U.S. parents (reverse equity investment) should also be netted against the U.S. parents' equity investment in them. Conceptually, one can argue that reverse equity, as well as debt, investment should be netted to obtain an accurate measure of the net investment by U.S. parents in affiliates. This was the treatment before 1977, but, in some instances, it resulted in double-counting among the various accounts of the U.S. international investment position and in the capital accounts of the U.S. balance of payments. Therefore, since 1977, reverse equity investment of foreign affiliates in their U.S. parents has not been netted against analogous investment of U.S. parents in their affiliates. It is instead included in the foreign direct investment position in the United States if the affiliate's ownership in its U.S. parent is 10 percent or more, or in the foreign portfolio investment position in the United States if the affiliate's ownership is less than 10 percent. However, reverse debt investment continues to be netted.[9]

The direct investment position at the end of a year is equal to the position at the beginning of the year plus the change in the position during the year. The change during the year is the sum of direct investment capital outflows and valuation adjustments. Direct investment capital outflows are defined below. Valuation adjustments are broadly defined to include all changes in the position other than capital outflows. Such changes primarily reflect differences between transactions values on U.S. parents' books, which are used by BEA to record capital outflows, and book values on foreign affiliates' books, which are used to record the position and, hence, changes in the position. For example, they include differences between the proceeds from and the book values of affiliates that are sold or liquidated by U.S. parents; differences between the purchase price and the book values of affiliates that are acquired by U.S. parents; and writeoffs resulting from uncompensated expropriations of affiliates. As noted earlier, valuation adjustments also include the one-time adjustment to owners' equity made by affiliates that, during 1982, switched from using FASB 8 to using FASB 52 as the basis for translating their financial statements from foreign currencies into U.S. dollars. (See the section on exchange gains and losses and translation adjustments.)

In theory, the direct investment position could be based either on the books of U.S. parents or on the books of foreign affiliates. Traditionally, it has been based on the foreign affiliates' books because the valuation method used on affiliates' books—that is, historical cost—is usually fairly consistent from affiliate to affiliate, while that used on U.S. parents' books may vary from parent to parent. For example, depending on their percentage ownership, some parents may use the cost method while others may use the equity method of valuing investments (if the cost method is used, the U.S. parents' equity in retained earnings since acquisition or establishment would be excluded). Still other parents may use market values or may write off the excess of market value over book value, either in whole or in part. In contrast to the position, most balance of payments flow items—equity capital and intercompany debt outflows, distributed earnings, interest, royalties and license fees, and other services transactions—are based on the books of the U.S. parents. This is mainly because, for balance of payments purposes, transactions values—which may be available only from the U.S. parents' books—are required. (For example, when a U.S. parent purchases or sells an affiliate's stock to or from an unaffiliated third party, the transaction is recorded only on the parent's books, not on the affiliate's books.)

Direct investment capital outflows.—Direct investment capital outflows consist of equity capital outflows, reinvested earnings, and intercompany debt outflows. As a result of the change in treatment of unincorporated affiliates discussed earlier, direct investment capital outflows to such affiliates, which previously were shown together as a single summary account, have been split into the equity capital, reinvested earnings, and intercompany debt components. Each component is combined with the corresponding component for incorporated affiliates to obtain a total for all affiliates. In the few cases where equity capital flows of an unincorporated affiliate could not be separated from intercompany debt flows, the entire amount is considered equity capital.

Equity capital outflows are net increases in U.S. parents' equity in their foreign affiliates, whether incorporated or unincorporated. They exclude changes in equity that result from the reinvestment of earnings, which are considered a separate component of direct investment capital outflows.

Increases in U.S. parents' equity in their foreign affiliates result from the U.S. parents' establishment of new foreign affiliates, initial acquisitions of a 10-percent-or-more ownership interest in existing foreign business enterprises, acquisitions of additional ownership interests in existing foreign affiliates, and capital contributions to affiliates. Such increases in equity are recorded as capital outflows. Decreases in equity result from liquidations of foreign affiliates, partial or total sales of ownership interests in foreign affiliates, and returns of capital of contributions. They include liquidating dividends, which are a return of capital to U.S. parents upon the liquidation of affiliates or the sale of affiliates' assets. Decreases in equity are recorded as capital inflows to U.S. parents and are netted against increases in equity, to derive the net increase in U.S. parents' equity in their foreign affiliates.

Equity capital outflows are recorded at transactions values, based on the books of U.S. parents. Such outflows may differ from those based on the books of foreign affiliates. For example, as noted earlier, when a U.S. parent purchases or sells capital stock from or to an unaffiliated third party, the transaction is recorded only on the parent's books, not on the affiliate's books. Also, transactions values on U.S. parents' books reflect the actual cost of

9. The one exception to this rule for reverse debt investment is in the extremely rare case in which a foreign affiliate and its U.S. parent own 10 percent or more of each other. To avoid double-counting, the U.S. parent's debt and equity investment in the affiliate is included in the U.S. direct investment position abroad, while the affiliate's reverse investment—debt as well as equity—in the U.S. parent is included in the foreign direct investment position in the United States. In this one case, a foreign affiliate's debt investment in its U.S. parent is not netted against the parent's debt investment in it.

ownership interests in affiliates that are acquired or sold by U.S. parents, including any premium or discount; such values may differ from the book values recorded on the affiliates' books. (Transactions values may also differ from market values if, for example, the U.S. parent and the person from, or to, whom the U.S. parent is acquiring or selling the ownership interest are affiliated rather than independent.) For unincorporated affiliates, equity capital outflows include changes in assets that may be carried only on the U.S. parents' books. For example, fixed assets of a branch may be carried only on the parent's, not the affiliate's, books.

Reinvested earnings of foreign affiliates are earnings less distributed earnings. Earnings are U.S. parents' shares in the net income of their foreign affiliates, after provision for foreign income taxes, plus their shares of any capital gains or losses that, according to FASB 52, are not included in affiliates' net income for income statement purposes. Net income and, therefore, earnings, are taken from the books of the foreign affiliate. A U.S. parent's share in net income is based on its directly held equity interest in the foreign affiliate.

For incorporated foreign affiliates, distributed earnings are dividends on common or preferred stock held by U.S. parents, before deduction of foreign withholding taxes and whether paid out of current or past earnings. Dividends exclude stock and liquidating dividends. Stock dividends are excluded because they are a capitalization of retained earnings—a substitution of one type of equity (capital stock) for another (retained earnings)—which reduces the amount of retained earnings available for distribution, but leaves total owners' equity unchanged. (Thus, stock dividends do not give rise to entries in the balance of payments accounts.) Liquidating dividends are excluded because they are a return of capital, rather than a remittance of earnings. (Liquidating dividends are recorded instead as inflows in the direct investment equity capital account.) For unincorporated affiliates, distributed earnings are earnings distributed to U.S. parents, whether out of current or past earnings.[10]

Distributed earnings are based on the books of the U.S. parents. Since they are on an accrual basis, they are reported as of the date they are either received from, or entered into intercompany accounts with, foreign affiliates, whichever occurred first. Thus, for example, dividends declared by a foreign affiliate, but not remitted because of exchange controls or for other reasons, are included in dividends when they are entered into intercompany accounts with the affiliate; at the same time, an offsetting intercompany debt outflow is recorded in the direct investment capital account. Distributed earnings are included whether they are paid in cash, through debt creation, or in kind.

Earnings are included in direct investment income (see definition in the next section) because they are income to the U.S. parent, whether they are reinvested or remitted to the parent. However, because earnings that are reinvested are not actually transferred to the U.S. parent, but rather increase the parent's investment in its affiliate, an entry of equal magnitude but opposite sign to that made in the direct investment income account is made in the direct investment capital account.

Intercompany debt outflows consist of the increase in U.S. parents' net intercompany account receivables from their foreign affiliates during the year. The increase is derived by subtracting the net outstanding intercompany account balance at the end of the previous year from the net outstanding balance at the end of the current year. The net balance at the end of a year is calculated as U.S. parents' receivables (amounts due) from affiliates less U.S. parents' payables (amounts owed) to affiliates. When a U.S. parent lends funds to its foreign affiliate, its receivables increase; subsequently, when the affiliate repays the principal owed to its U.S. parent, the U.S. parent's receivables from the affiliate are reduced. In parallel fashion, when a U.S. parent borrows funds from its foreign affiliate, its payables increase; subsequently, when the U.S. parent repays the principal owed to its affiliate, the U.S. parent's payables to the affiliate are reduced. Increases in U.S. parents' receivables from their affiliates or reductions in U.S. parents' payables to their affiliates give rise to outflows on intercompany account. Reductions in U.S. parents' receivables from their affiliates or increases in U.S. parents' payables to their affiliates give rise to inflows.

Not all intercompany account transactions reflect actual flows of funds. For example, when distributed earnings, interest, or royalties and license fees accrue to a U.S. parent from its foreign affiliate, the full amount is included as a current account receipt on U.S. direct investment abroad. If all or part of that amount is not actually transferred to the U.S. parent, the amount not transferred is entered into the intercompany account as an increase in the U.S. parent's receivables from its affiliate (an outflow).

The net change in intercompany accounts includes changes in the net book value of capital leases and of operating leases of 1 year or more between U.S. parents and their foreign affiliates. (See discussion in the section on the direct investment position.) When property is leased by a foreign affiliate from its U.S. parent, the net book value of the leased property is treated as an increase in the U.S. parent's receivables from its affiliate and is recorded as an intercompany debt outflow. The subsequent payment of principal on a capital lease, or of depreciation on an operating lease, is a return of capital and, for property leased by the foreign affiliate from its parent, is recorded as an intercompany debt inflow because it reduces the U.S. parent's receivables from its affiliate. (When property is leased to a U.S. parent by its foreign affiliate, the flows recorded are the reverse of the preceding.)

As noted in the last section, the intercompany accounts component of the direct investment position has, since 1977, included outstanding funds that are borrowed from unaffiliated foreigners and then reloaned to U.S. parents by Netherlands Antilles finance affiliates. When the funds are reloaned to U.S. parents, they are recorded in the direct investment capital account as an increase in U.S. parents' payables to their Netherlands Antilles finance affiliates—that is, as an intercompany debt inflow. Subsequent repayments of the borrowing are recorded as intercompany debt outflows.

Intercompany debt outflows, like equity capital outflows, are based on the books of U.S. parents and may

10. Except in rare instances, distributed earnings of unincorporated foreign affiliates are not subject to foreign withholding taxes. For publication purposes, such taxes were assumed to be zero.

differ from those based on the books of foreign affiliates. For example, a U.S. parent's receivables from its affiliate, as recorded on the parent's books, may not necessarily be equal to the affiliate's payables to its parent, as recorded on the affiliate's books, due to differences in accounting or valuation.

Most direct investment capital outflows are the result of transactions between U.S. parents and their foreign affiliates, including direct debt transactions between U.S. parents and their indirectly owned foreign affiliates. Equity capital outflows, however, may also result from transactions between U.S. parents and unaffiliated foreigners that change U.S. parents' equity in their foreign affiliates. An example of the latter is a U.S. parent's purchase of an affiliate's capital stock from an unaffiliated foreigner, rather than from the affiliate itself.

Direct investment capital outflows exclude the transfer of a direct investment interest between two U.S. persons. Such a transfer is excluded because it changes neither the nature of the investment interest—that is, it remains a direct investment interest—nor the value of the U.S. direct investment position abroad. It merely represents a shift in the ownership of the direct investment interest from one U.S. person to another. If, however, either U.S. person has a portfolio (less than 10 percent) investment interest before a transfer of equity that, in connection with the transfer, becomes a direct investment interest, a direct investment capital outflow and offsetting portfolio investment capital inflow are recorded for the extinguished portfolio interest. Similarly, if either U.S. person had a direct investment interest before a transfer of equity that, in connection with the transfer, becomes a portfolio investment interest, a direct investment capital inflow and offsetting portfolio investment capital outflow are recorded for the new portfolio interest. Such shifts in ownership interests between the direct and portfolio investment accounts are recorded as offsetting capital flows in the two accounts because they change the nature of the investment interest and represent a shift in the investment position from one account to the other.

Direct investment capital outflows exclude transactions between foreign affiliates and U.S. persons other than the affiliates' own U.S. parents. For example, loans by a U.S. bank to a foreign affiliate in which the bank does not have a direct investment ownership interest, and loans by one U.S. parent to another U.S. parent's foreign affiliate in which the first U.S. parent does not have a direct investment ownership interest, are excluded. (They are included instead in the portfolio investment accounts.)

When direct investment capital outflows are classified by country, the country of foreign affiliate is used, even if the foreign affiliate is not itself a party to the transaction. Thus, for example, if a U.S. parent purchases an affiliate's capital stock from a third-country transactor, such transactions are nevertheless classified in the country of the affiliate. They are classified in the affiliate's country because the resulting outflows change the U.S. direct investment position in that country. (However, the associated settlement flows, which are included in the portfolio investment account, are likely to be classified in the country of the transactor. If the two countries are in different geographical areas, a statistical discrepancy between areas would occur in the U.S. balance of payments accounts.)

In cases where reverse investment exists, treatment of reverse direct investment capital flows is the same as that for the analogous accounts in the direct investment position. (See discussion on the direct investment position.)

Certain transactions may affect two of the major components of direct investment capital outflows simultaneously and by exactly offsetting amounts. Such transactions are "grossed up"—that is, the outflows and the offsetting inflows resulting from the transaction are recorded in the accounts for each component rather than being netted to zero and not recorded in either account. However, because such gross flows are exactly offsetting, they have no net effect on outflows as a whole. An example of a transaction that results in gross, but not net, flows is are the capitalization of intercompany debt (which gives rise to an intercompany debt inflow from, and an equity capital outflow to, the same affiliate).

Direct investment income.—Direct investment income is the return on the U.S. direct investment position abroad—that is, it is the U.S. parents' return on their debt and equity investment in their foreign affiliates. It consists of earnings (the U.S. parents' shares in the net income of their foreign affiliates plus their shares of any capital gains or losses not included in affiliates' net income for income statement purposes), less foreign withholding taxes on distributed earnings received by U.S. parents from their foreign affiliates, plus interest (net of withholding taxes) on intercompany accounts. Interest is defined as interest received by U.S. parents from their foreign affiliates, net of interest paid by U.S. parents to their foreign affiliates.

Direct investment income is recorded as accrued. When funds are not actually transferred to U.S. parents, offsetting entries are made in the direct investment capital account.

Direct investment income differs from earnings (as defined in the previous section) because it is from the viewpoint of U.S. parents—that is, it is the return the U.S. parents receive on their investment. Earnings, in contrast, are from the viewpoint of affiliates—that is, they are (the U.S. parents' shares of) what the affiliates earn from their business. Thus, to derive direct investment income, foreign withholding taxes on distributed earnings are subtracted from earnings, because they reduce the U.S. parents' return, and interest (net of withholding taxes) on intercompany accounts are added to earnings, because it increases the U.S. parents' return. Earnings (net of withholding taxes on distributed earnings) are the U.S. parents' return on their equity investment, while interest (net of withholding taxes) is the U.S. parents' return on their debt investment in foreign affiliates.

Both direct investment income and earnings are defined to include all capital gains and losses, whether or not such gains and losses are included in net income for income statement purposes. They include, for example, gains and losses, whether realized or unrealized, that result from the sale or other disposition of affiliates' assets and liabilities, from changes in the dollar value of foreign-currency-denominated assets and liabilities that are caused by exchange rate changes, from writedowns of the book value of assets and liabilities, and from the translation of the affiliates' financial statements from local currencies into dollars. They also include extraordinary items (material items that are unusual and nonrecurring) and all other income-type items that, under GAAP, are not included in the income statements of affiliates but instead are taken directly to an equity account or to retained earnings. Such capital gains and losses, like ordinary income, are considered part of the U.S. parents' return on their investments in affiliates.

As noted earlier, companies that used FASB 52 to translate foreign affiliates' financial statements into dollars may have excluded certain exchange gains and losses and translation adjustments from their affiliates' net income, as reported for income statement purposes. In addition, certain extraordinary items may have been excluded. Separate data on the U.S. parents' shares of these items were obtained in the benchmark survey and are added to the parents' shares of reported net income of affiliates to derive direct investment income for balance of payments purposes.

Withholding taxes are taxes withheld by governments on income or other funds that are distributed or remitted. As noted above, earnings are before, but direct investment income is after, deduction of withholding taxes.

Interest is interest received by, or credited to, U.S. parents on debt owed to them by their foreign affiliates, less interest paid or credited by U.S. parents on debt owed by them to their foreign affiliates, both after deduction of (foreign or U.S.) withholding taxes. For foreign affiliates that are banks, interest includes only receipts on the U.S. parents' permanent debt capital. Interest includes net interest on leases between U.S. parents and foreign affiliates that are capitalized (capital leases), because the outstanding capitalized value of such leases is included in the intercompany account component of the direct investment position. Interest is reported as accrued and is included in direct investment income whether paid in cash, through debt creation, or in kind.

Table 8 shows direct investment income and the relationship among its components for all foreign affiliates of all U.S. parents.

Table 8.—Source and Relationship of Direct Investment Income and Its Components

[Millions of dollars]

Line		Fiscal year 1982 amount
1	Earnings (2+3 or 4+5)	25,337
2	Capital gains/losses	−2,880
3	Earnings before capital gains/losses	28,217
4	Distributed earnings	23,137
5	Reinvested earnings	2,200
6	Withholding taxes on distributed earnings	1,075
7	Interest (net of withholding taxes)	−2,339
8	Income (1−6+7 or 5+7+11)	21,922
9	Income before capital gains/losses (8−2)	24,802
10	Earnings (net of withholding taxes) (1−6)	24,262
11	Distributed earnings (net of withholding taxes) (4−6)	22,062

Direct investment royalties and license fees.—Direct investment royalties and license fees are receipts by U.S. parents from, less payments by U.S. parents to, their foreign affiliates of royalties, license fees, and other fees for the use or sale of intangible property or rights, such as patents, industrial processes, trademarks, copyrights, franchises, designs, know-how, formulas, techniques, manufacturing rights, and other intangible assets or proprietary rights. Both receipts and payments are net of (foreign or U.S.) withholding taxes.

Receipts and payments of royalties and license fees are reported as accrued. When funds are not actually transferred, offsetting entries are made in the intercompany debt account with foreign affiliates.

Both receipts and payments are based on the books of the U.S. parents and are reported as of the date they are either received from or paid to foreign affiliates or entered into the intercompany debt account with foreign affiliates, whichever occurred first.

Other direct investment services.—Other direct investment services transactions consist of receipts by U.S. parents from, less payments by U.S. parents to, their foreign affiliates of service charges, charges for the use of tangible property, and film and television tape rentals. Both receipts and payments are net of (foreign or U.S.) withholding taxes, are reported as accrued, and are based on the books of U.S. parents.

Service charges consist of fees for services—such as management, professional, or technical services—rendered between U.S. parents and their foreign affiliates, whether in the form of sales of services or reimbursements. Sales of services are receipts for services rendered that are normally included in sales in the income statement of the seller. Receipts for services rendered are included in sales if performance of the service is a primary activity of the enterprise. For example, if a U.S. management consulting firm provides management consulting services to its foreign affiliates, the revenues therefrom would normally be included in its sales.

Reimbursements are receipts for services rendered that are normally included in "other income," rather than in sales, in the income statement of the provider of the service. Such receipts should be included in "other income," rather than sales, if performance of the service is not among the primary activities of the enterprise; the service performed may, however, facilitate or support the conduct of the enterprise's primary activities. This would be the case, for example, if a U.S. manufacturing firm occasionally provides management, professional, technical, or other services to its foreign affiliates on a fee basis.

Reimbursements may take the form of allocated expenses or direct charges for the services rendered. Allocated expenses are types of overhead expenses that are apportioned among the various divisions or parts of an enterprise. Research and development assessments on foreign affiliates by a U.S. parent for research and development the parent performs and shares with its affiliates is an example.

In the 1977 benchmark survey, sales of services and reimbursements should have been reported together in the single item "fees for services rendered." However, in their responses to that item, many companies failed to cover the full range of services rendered by parents and affiliates to each other. Underreporting was particularly evident for services that are considered sales rather than reimbursements. For 1982, therefore, the item from the 1977 survey was split into two separate items, one for sales of services and one for reimbursements. In the instructions for each item, coverage was clarified by specifying where the charges to be included would normally appear in the income statement of the provider of the service. Review of the 1982 data confirmed that underreporting did occur with the single-item approach used in 1977.

The review also indicated that certain transactions included in sales of services in the 1982 survey probably, for balance of payments purposes, should not be included. Under current practice, several types of transactions are already included elsewhere in the U.S. balance of payments accounts and to include them also in "other direct investment services" would be duplicative. In particular, intercompany payments of reinsurance premiums, and reimbursements for reinsurance losses, are already reported in a separate BEA survey and are included, together with similar transactions with unaffiliated foreign persons, in the "other private services" account of the U.S. balance of payments. Also, receipts and payments for transporting goods to or from the U.S. customs area are already included, together with similar transactions with unaffiliated foreign persons, in the "other transportation" account.

In addition, payments made by parents to foreign affiliates for transporting the parent's goods between foreign ports were reported in the benchmark survey as sales of services by the affiliates to the parents, but are excluded from this item for balance of payments purposes. Such transportation charges become a component of the parents' cost of the goods and are included in the goods' ultimate value. That value, including the transportation charges, is already reflected elsewhere in the accounts. Therefore, inclusion of the transportation payments in this item as well would result in a statistical discrepancy.

During the data review, transactions that should not have been included in sales of services for balance of payments purposes were eliminated, to the extent they were identifiable. Most of the larger transactions were identified; however, many of the smaller ones were not and remain in the published totals. Payments for transporting goods both between U.S. and foreign ports and between two foreign ports are shown as addenda items in columns 10 and 11, respectively, of tables I.V7, I.V8, I.V15, II.V7, II.V8, III.V7, and III.V8. The comparable receipts are not shown because, in most cases, they could not be separately identified and were known to be relatively small.

A number of reporters also included, in sales of services, receipts for manufacturing-type activities performed for others on contract, such as receipts by a refinery for refining crude oil that it does not itself own. These receipts are for manufacturing activities rather than for sales of services. Such receipts were eliminated from sales of services in the tables in this publication.

Rentals for the use of tangible property include total lease payments under operating leases of 1 year or less and net rent on operating leases of more than 1 year that have not been capitalized. From the lessors' viewpoint, total lease payments for operating leases consist of two components: (1) net rent, which covers interest, administrative expenses, and profit and (2) depreciation, which is a return of capital. For operating leases of more than 1 year, net rent is included in this account and depreciation is included as an intercompany debt flow in the direct investment capital account. For operating leases of 1 year or less, total lease payments—both net rent and depreciation—are included in this account. They are included because the value of property leased to or from foreigners for 1 year or less is excluded from U.S. merchandise exports and imports in the U.S. balance of payments accounts; because no export or import by U.S. parents is recorded in the merchandise trade account, no subsequent return of capital to or by U.S. parents in the form of depreciation is recorded in the direct investment capital account. Such depreciation is instead considered part of rentals—a receipt for services rendered by, rather than a return of capital to, the lessor.

Film and television tape rentals are rentals received by U.S. parents from, less rentals paid by U.S. parents to, their foreign affiliate for the use or sale of film and television tapes. When such film and television tapes are shipped by U.S. parents to foreign affiliates, receipts for the tapes are considered receipts for services rather than receipts for merchandise because the cost of the physical tapes themselves is usually incidental to the value of the services—entertainment, education, etc.—that they provide. Thus, film and television tape rentals are excluded from U.S. merchandise trade and are included instead in "other" direct investment services.