

Visual Essay

Activities of U.S. Affiliates of Foreign Multinational Enterprises in 2021

September 8, 2023

The U.S. Bureau of Economic Analysis (BEA) recently released statistics on the 2021 [activities of U.S. affiliates of foreign multinational enterprises](#) (MNEs). These statistics provide a picture of the overall activities of U.S. affiliates and contain a wide variety of indicators of their financial structure and operations. The statistics cover items that are needed to analyze the characteristics, performance, and economic impact of foreign-owned businesses on the U.S. economy and are obtained from mandatory surveys of U.S. affiliates conducted by BEA.

Key Terms

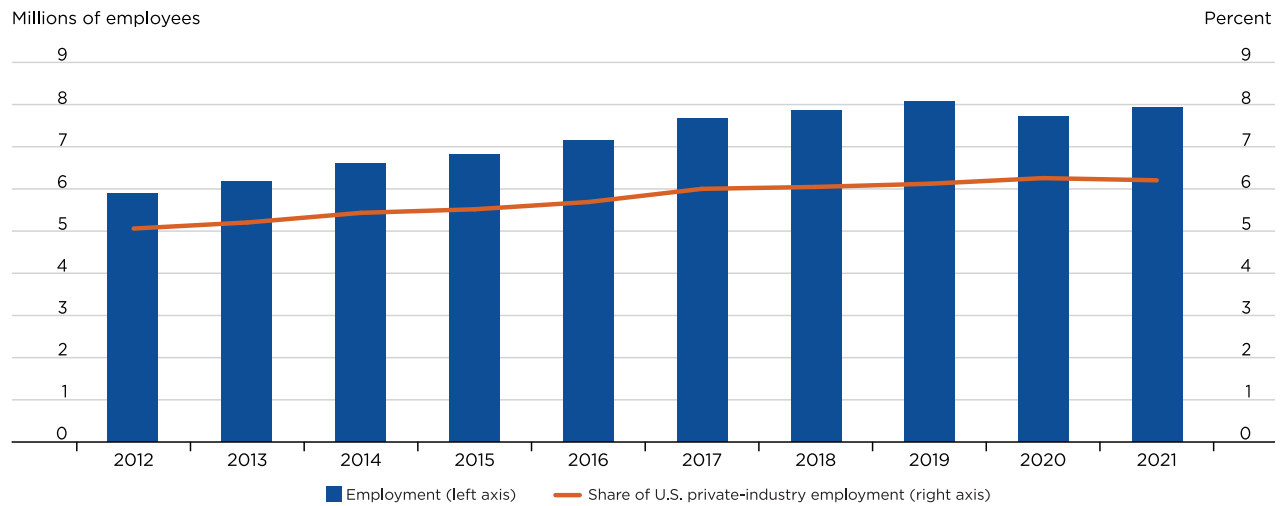
A **U.S. affiliate** is a U.S. business enterprise in which there is foreign direct investment—that is, it is owned at least 10 percent by a foreign parent. A **majority-owned U.S. affiliate (MOUSA)** is a U.S. affiliate that is more than 50 percent foreign owned. Data are available in greater detail for majority-owned affiliates in order to feature the firms that are unambiguously under foreign control.

A **foreign parent** is the first foreign resident with a direct investment interest in the U.S. affiliate. The **ultimate beneficial owner (UBO)** is that person, proceeding up a chain of majority ownership (where the entity above owns more than 50 percent of the entity below), beginning with and including the foreign parent, that is not owned more than 50 percent by another person. The UBO ultimately owns or controls, and thus ultimately derives the benefits and assumes the risks from owning or controlling, the U.S. affiliate. The country of the UBO is often the same as that of the foreign parent, but it may be a different country or the United States.

The following charts present highlights of BEA's U.S. affiliate statistics for 2021. Much more detail, including [additional data items](#), can be found on BEA's website.

Employment¹

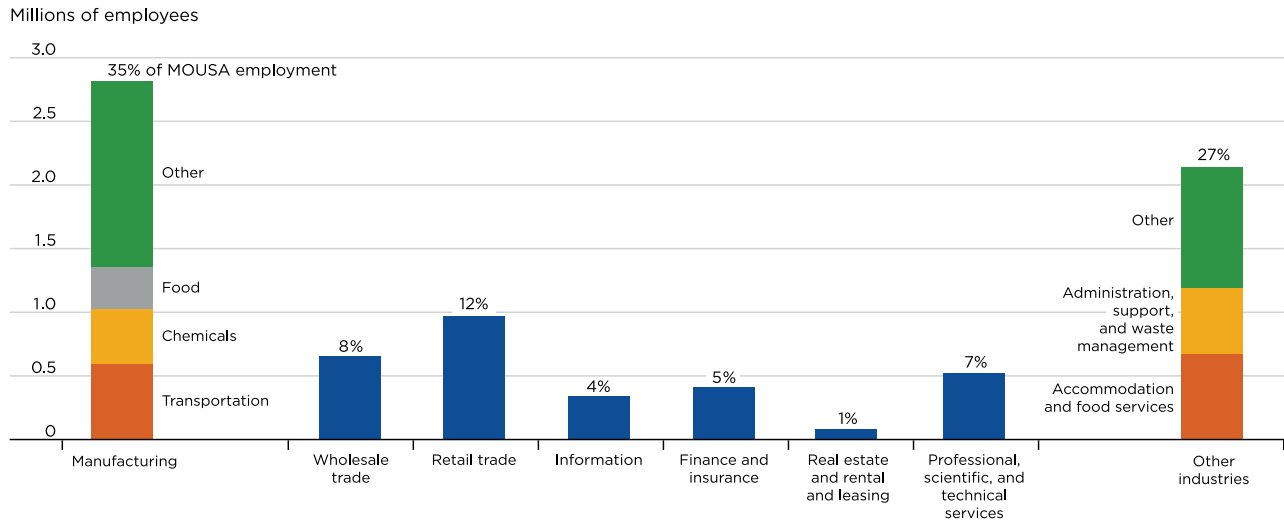
Chart 1. MOUSA Employment, 2012–2021



MOUSA: Majority-owned U.S. affiliates
U.S. Bureau of Economic Analysis

- Majority-owned U.S. affiliates of foreign MNEs employed 7.94 million workers in the United States in 2021, 2.9 percent more than in 2020.
- Majority-owned U.S. affiliates accounted for 6.2 percent of total private-industry employment in the United States, down slightly from 6.3 percent in 2020.

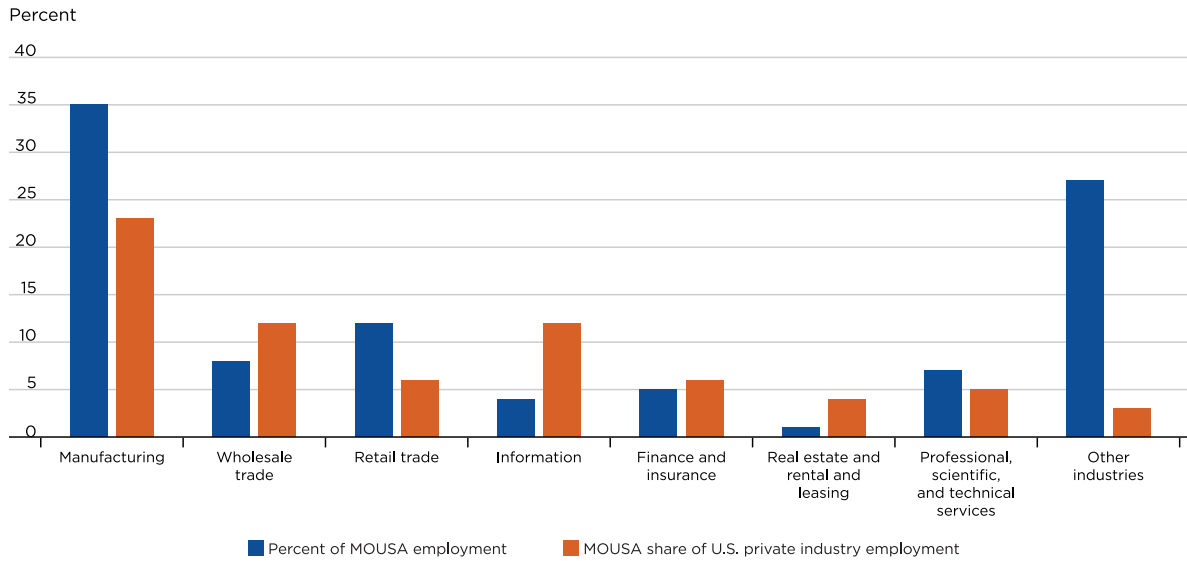
Chart 2. MOUSA Employment by Industry, 2021



MOUSA: Majority-owned U.S. affiliates
 U.S. Bureau of Economic Analysis

- The manufacturing sector accounted for 35 percent of majority-owned U.S. affiliate employment. Within manufacturing, transportation equipment employed the most workers, followed by chemicals and food.
- Within other industries, accommodation and food services, along with administration, support, and waste management, employed the most workers.
- Employment increased in all major industry categories except the finance and insurance and real estate and rental and leasing industries.

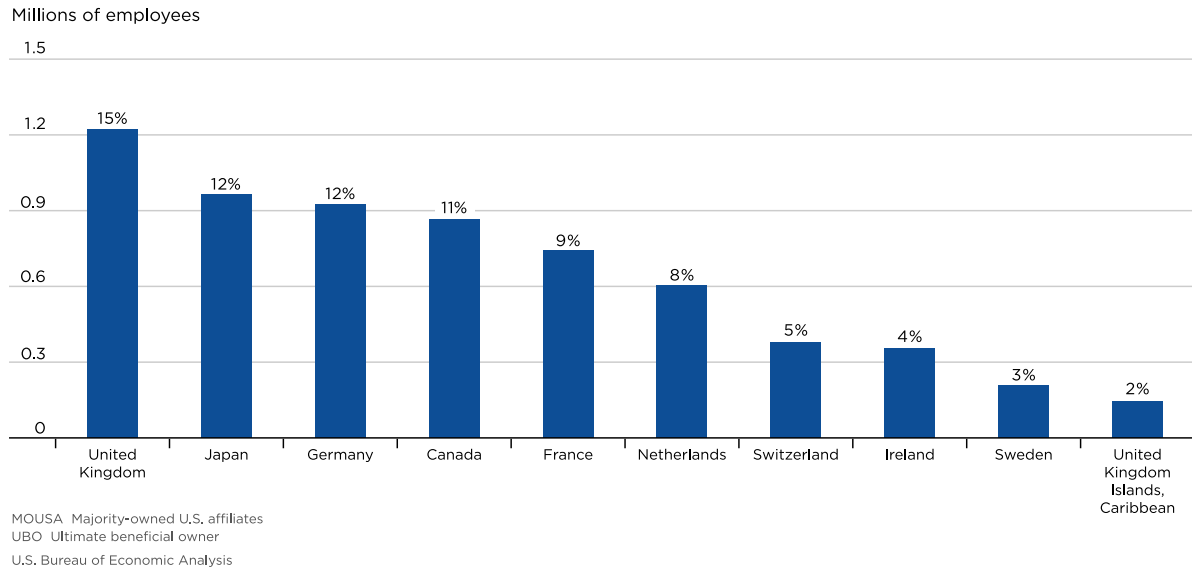
Chart 3. Shares of MOUSA Employment by Industry, 2021



MOUSA: Majority-owned U.S. affiliates
 U.S. Bureau of Economic Analysis

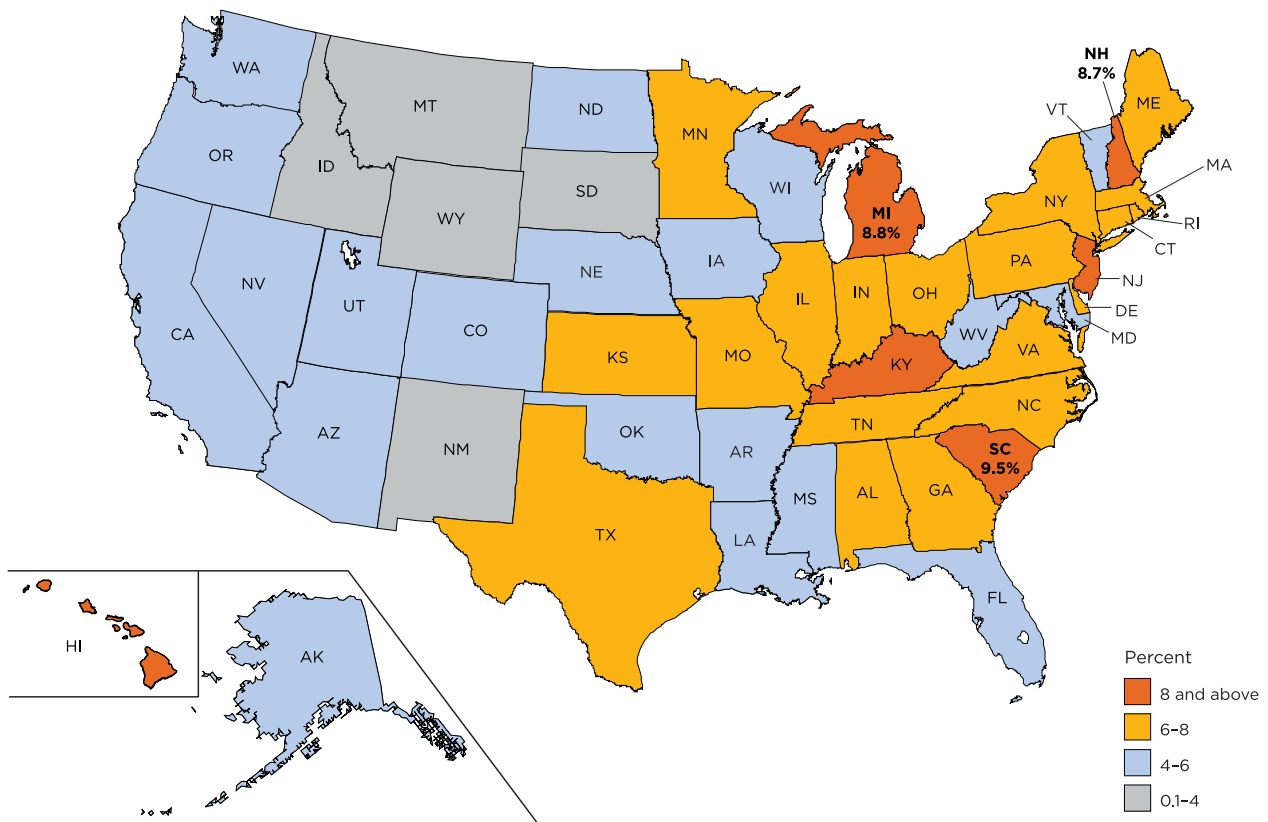
- Chart 3 illustrates the percentage of majority-owned U.S. affiliate employment by sector. This chart compares those shares to the share of majority-owned U.S. affiliate employment by U.S. private industry sector. (Table 6.4D “[Full-Time and Part-Time Employees by Industry](#)” was used to calculate MOUSA share of U.S. private industry employment in chart 3.)
- Majority-owned U.S. affiliates in the manufacturing sector accounted for 23 percent of U.S. private industry manufacturing employment.
- Other industries accounted for 27 percent of total majority-owned U.S. affiliate employment and 3 percent of U.S. private industry other industries employment.

Chart 4. MOUSA Employment by Country of UBO, 2021



- By country of UBO, the United Kingdom, Japan, Germany, Canada, and France accounted for the largest share of majority-owned U.S. affiliate employment. These five countries accounted for 59 percent of all majority-owned U.S. affiliate employment.

Chart 5. MOUSA Employment Share by State, 2021

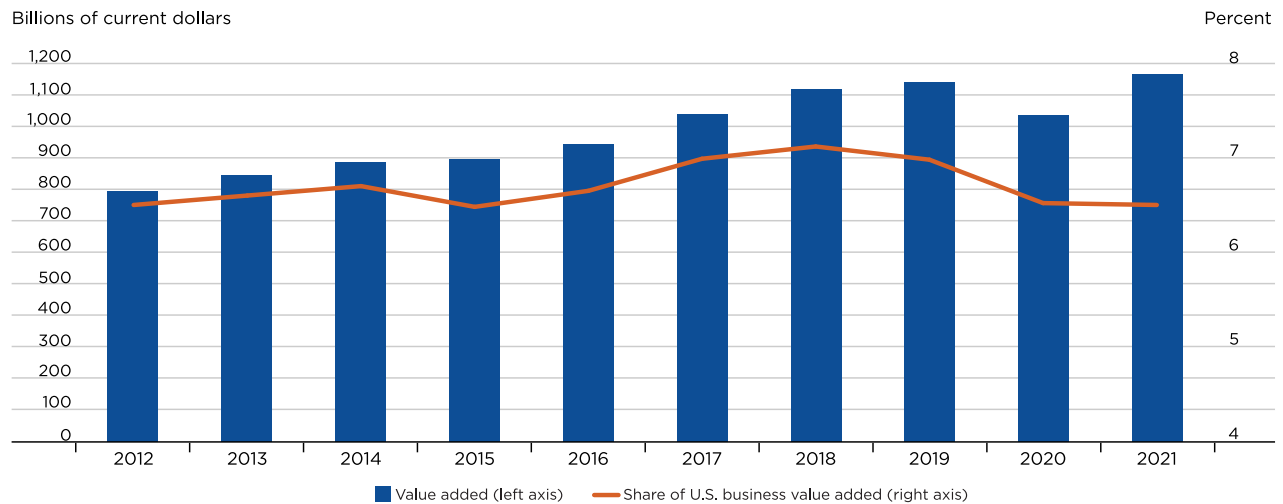


MOUSA: Majority-owned U.S. affiliates
 U.S. Bureau of Economic Analysis

- By state, the share of private-industry employment accounted for by majority-owned U.S. affiliates was highest in South Carolina (9.5 percent), Michigan (8.8 percent), and New Hampshire (8.7 percent). In South Carolina and New Hampshire, majority-owned U.S. affiliates in the retail trade sector employed the most workers, while the manufacturing sector employed the most majority-owned U.S. affiliate workers in Michigan.

Value Added²

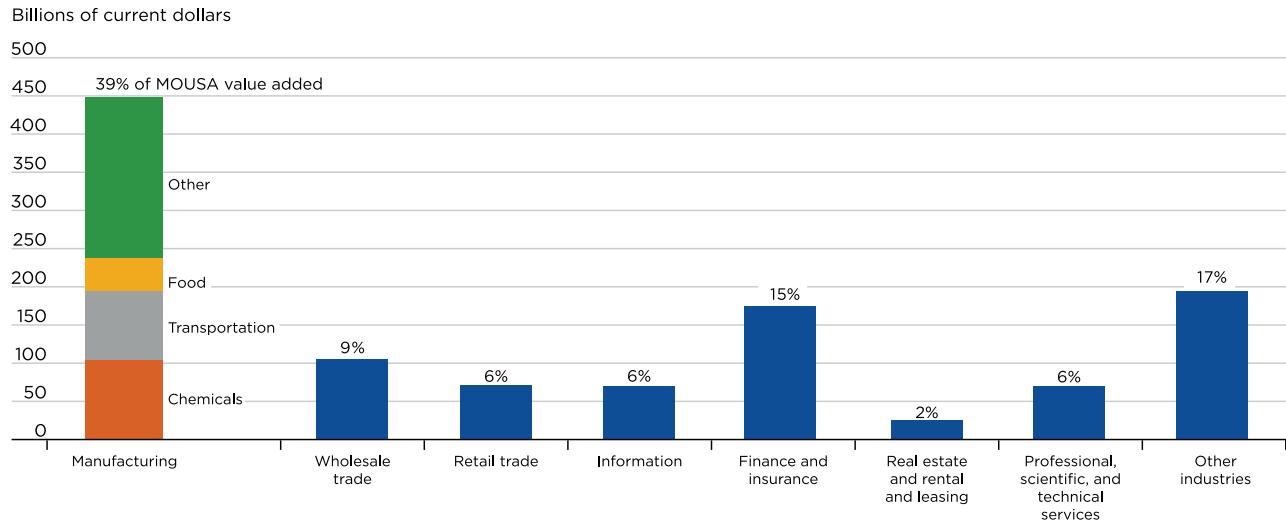
Chart 6. MOUSA Value Added, 2012–2021



MOUSA Majority-owned U.S. affiliates
U.S. Bureau of Economic Analysis

- Current-dollar value added of majority-owned U.S. affiliates increased 12.6 percent to \$1.16 trillion in 2021.
- Majority-owned U.S. affiliates accounted for 6.50 percent of total U.S. business-sector value added, down slightly from 6.52 percent in 2020.

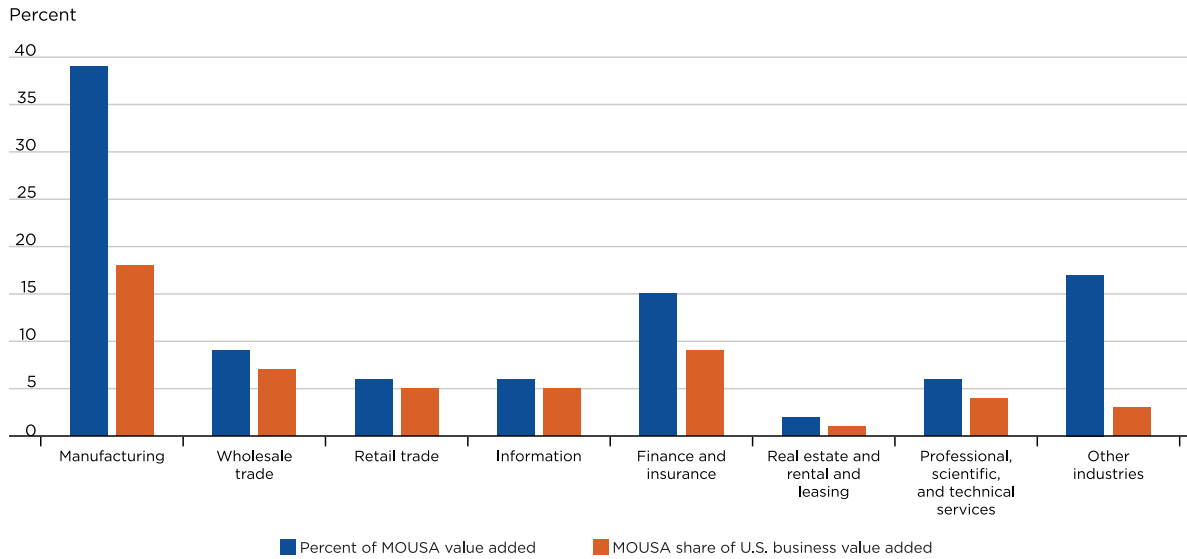
Chart 7. MOUSA Value Added by Industry, 2021



MOUSA: Majority-owned U.S. affiliates
U.S. Bureau of Economic Analysis

- Manufacturing accounted for most majority-owned U.S. affiliate value added. The largest industry within manufacturing was chemicals (which includes pharmaceuticals), followed by transportation equipment.
- Value added increased in all major industry categories. The largest value-added level and percent increase was in finance and insurance industries.

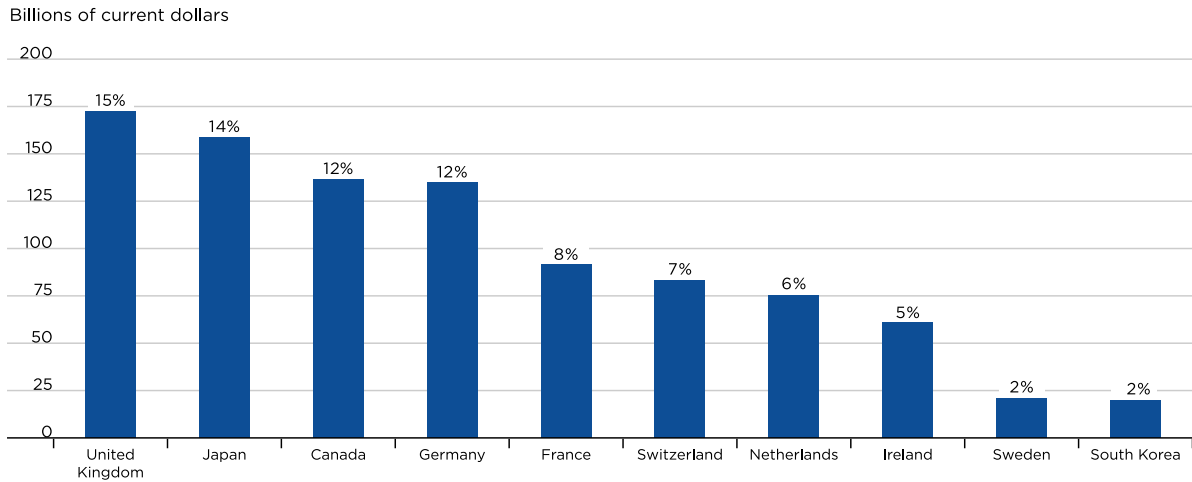
Chart 8. Shares of MOUSA Value Added by Industry, 2021



MOUSA: Majority-owned U.S. affiliate
 U.S. Bureau of Economic Analysis

- Chart 7 illustrates the percentage of majority-owned U.S. affiliate value added by sector. This chart compares those shares to the share of majority-owned U.S. affiliate value added by U.S. private industry sector. (GDP by industry was used to calculate MOUSA share of U.S. business value added.)
- Majority-owned U.S. affiliates in the manufacturing sector accounted for 18 percent of U.S. private industry manufacturing value added.
- With the exception of manufacturing, finance and insurance, and other industries, majority-owned U.S. affiliate shares of value added by industry were fairly consistent with their shares of U.S. business value added by industry.

Chart 9. MOUSA Value Added by Country of UBO, 2021

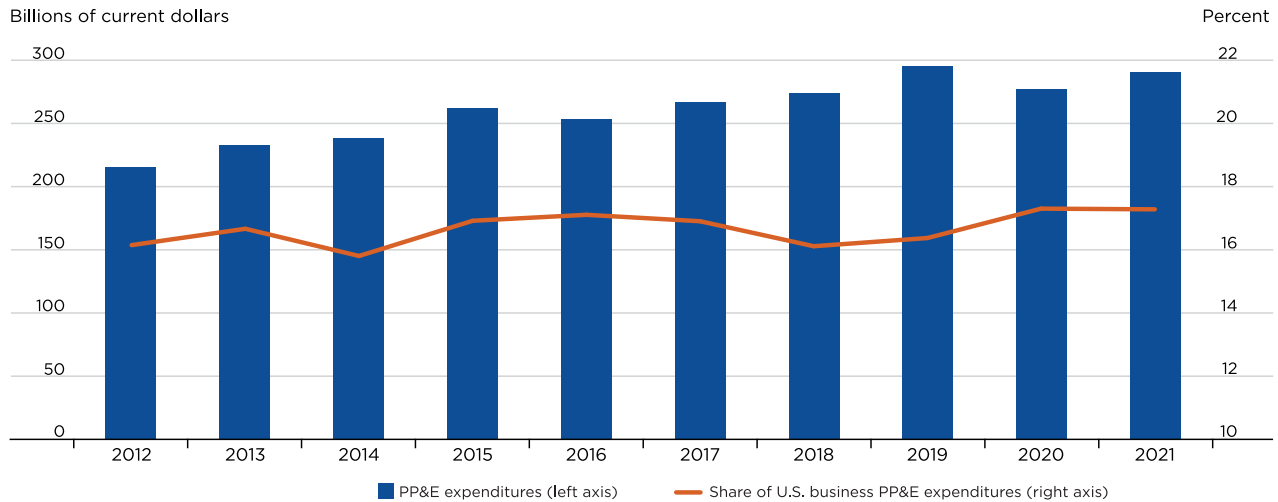


MOUSA: Majority-owned U.S. affiliates
UBO: Ultimate beneficial owner
U.S. Bureau of Economic Analysis

- By country of UBO, the United Kingdom, Japan, Canada, Germany, and France accounted for the largest share of majority-owned U.S. affiliate value added. These five countries accounted for 60 percent of all majority-owned U.S. affiliate value added.

Property, Plant, and Equipment³

Chart 10. MOUSA PP&E Expenditures, 2012–2021

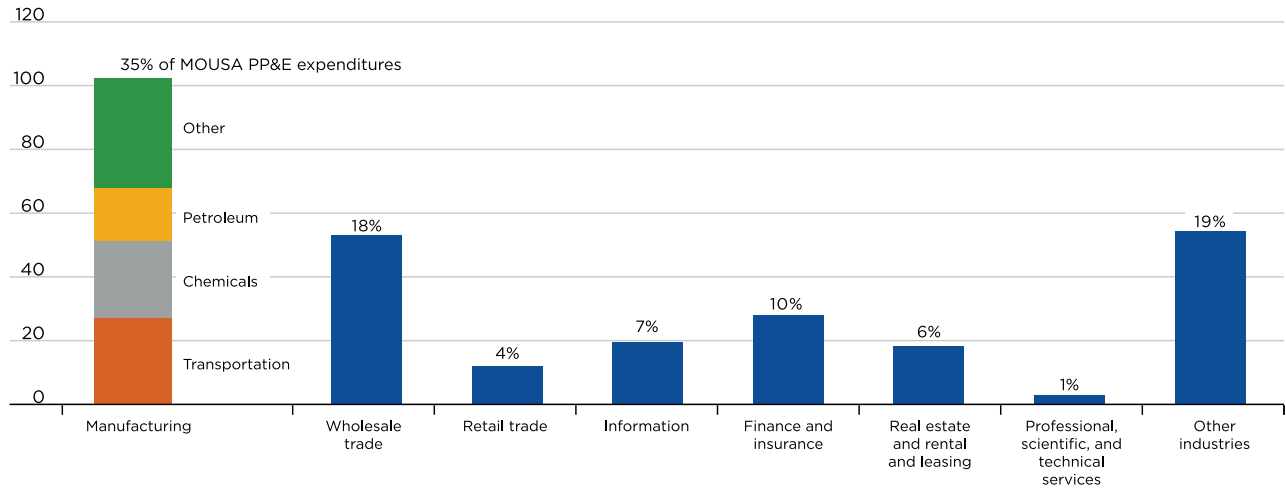


MOUSA Majority-owned U.S. affiliates
 PP&E Property, plant, and equipment
 U.S. Bureau of Economic Analysis

- Expenditures for property, plant, and equipment (PP&E) by majority-owned U.S. affiliates increased 5.0 percent to \$290.8 billion in 2021. This increase was consistent with the all-U.S. business PP&E expenditure increase of 5.3 percent.
- Majority-owned U.S. affiliates accounted for 17.3 percent of total U.S. private business capital expenditures, which is substantially higher than employment and value-added shares.

Chart 11. MOUSA PP&E Expenditures by Industry, 2021

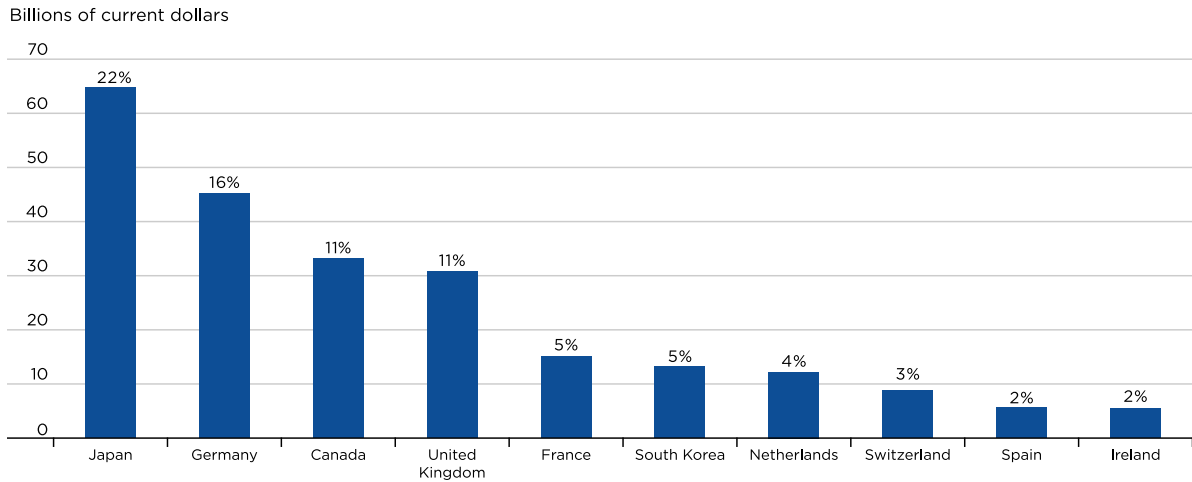
Billions of current dollars



MOUSA: Majority-owned U.S. affiliates
 PP&E: Property, plant, and equipment
 U.S. Bureau of Economic Analysis

- Manufacturing accounted for 35 percent of majority-owned U.S. affiliate PP&E expenditures. Within manufacturing, the largest contributor was transportation equipment, followed by chemicals.
- Within other industries, utilities and mining accounted for the largest shares.
- The largest PP&E expenditure value increase was in wholesale trade industries.

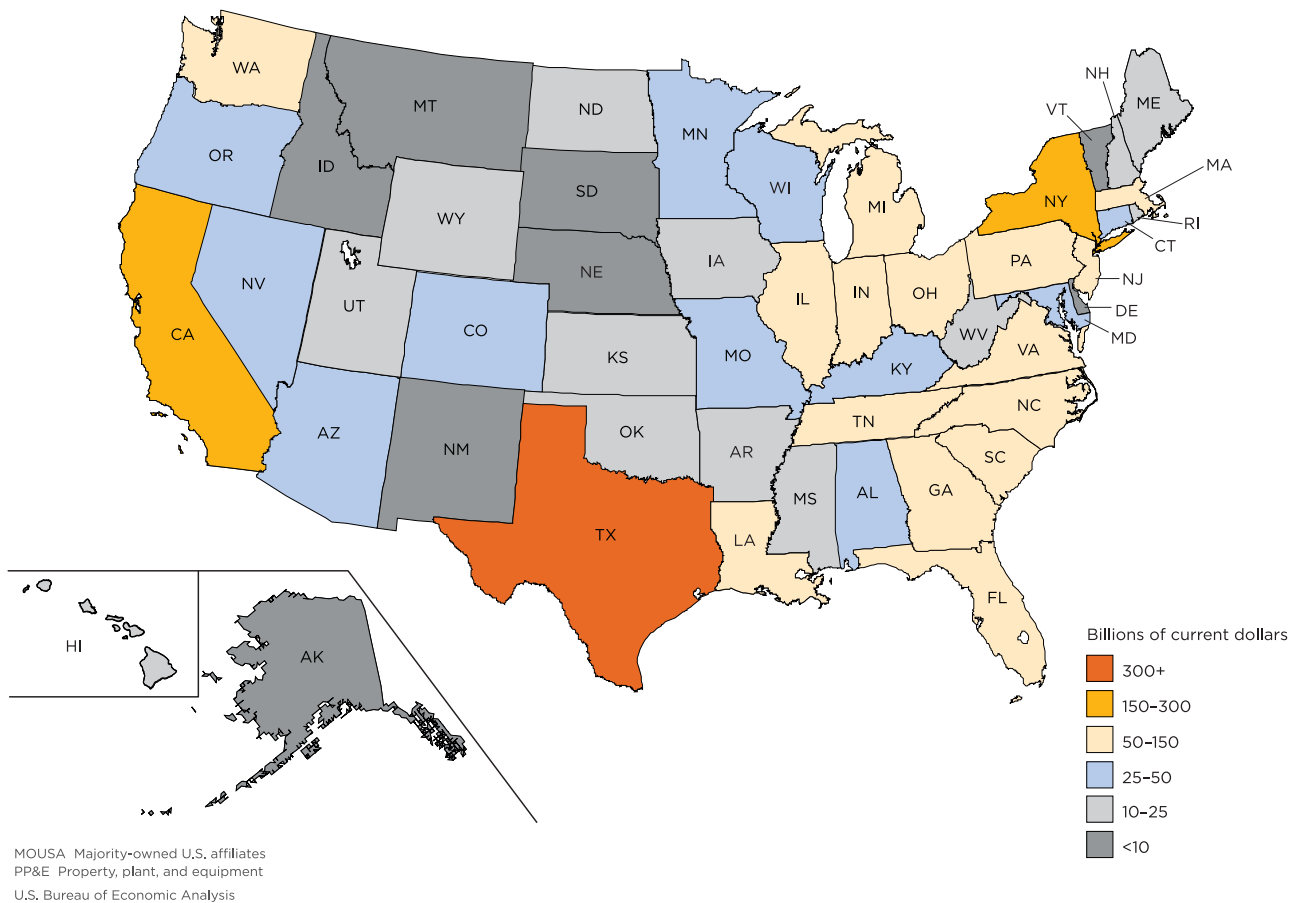
Chart 12. MOUSA PP&E Expenditures by Country of UBO, 2021



MOUSA: Majority-owned U.S. affiliates
PP&E: Property, plant, and equipment
UBO: Ultimate beneficial owner
U.S. Bureau of Economic Analysis

- By country of UBO, Japan, Germany, Canada, the United Kingdom, and France accounted for the largest share of majority-owned U.S. affiliate PP&E expenditures. PP&E expenditures are slightly more concentrated by country than employment and value added, with the top five countries of UBO accounting for 65 percent of majority-owned U.S. affiliate PP&E expenditures.

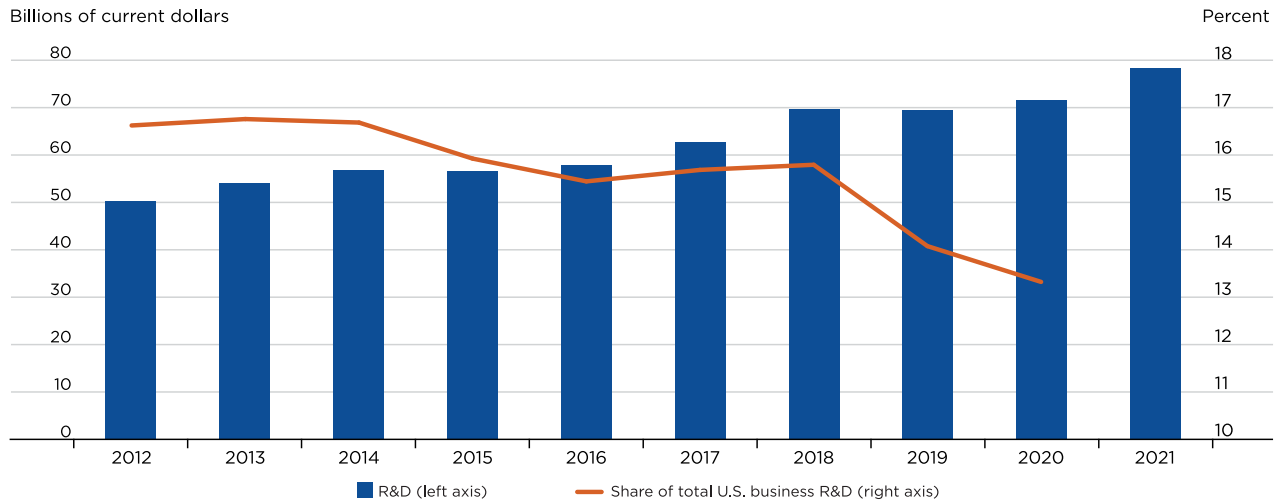
Chart 13. MOUSA PP&E (Stock) by State, 2021



- Charts 10, 11, and 12 illustrate PP&E expenditures. BEA also collects detail on gross PP&E stock, which is the value of all land, property, plant, and equipment before accumulated depreciation. These data can be used as a proxy for state-level foreign direct investment levels that are not available in BEA's direct investment position statistics.
- Total gross PP&E for the United States was \$3.1 trillion. The states with the largest share of majority-owned U.S. affiliate gross PP&E were Texas (\$430 billion), California (\$261 billion), and New York (\$238 billion). Massachusetts saw the largest gross PP&E increase of \$18.8 billion.

Research and Development⁴

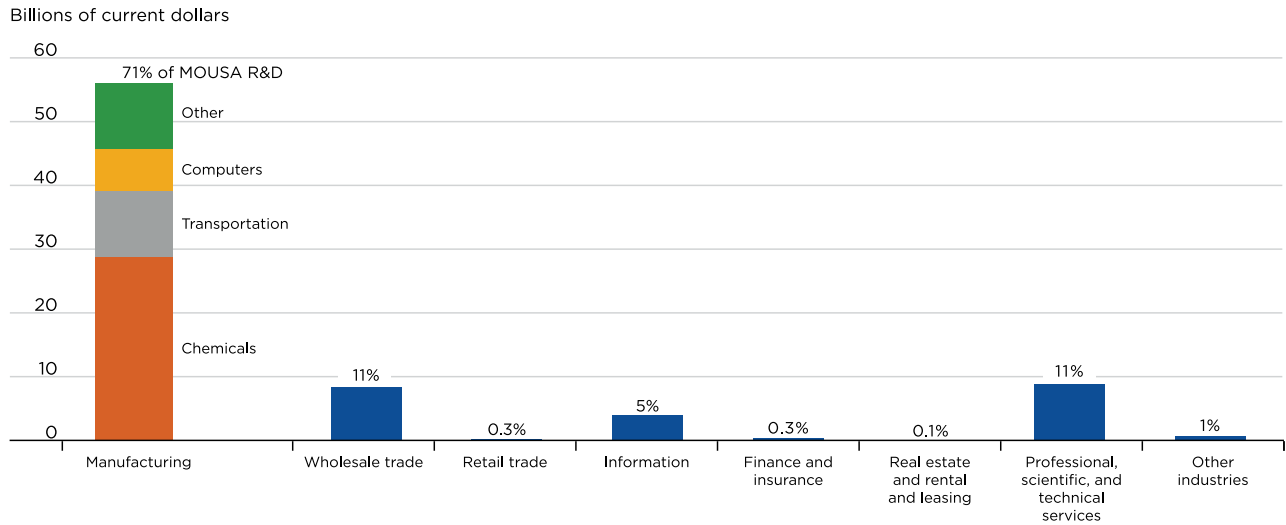
Chart 14. MOUSA R&D Performed, 2012–2021



MOUSA Majority-owned U.S. affiliates
R&D Research and development
U.S. Bureau of Economic Analysis

- Research and development (R&D) performed by majority-owned U.S. affiliates increased 9.4 percent to \$78.3 billion in 2021.
- Majority-owned U.S. affiliates accounted for 13 percent of total U.S. business R&D in 2020, the latest year that U.S. business R&D data is available. This share is larger than the majority-owned U.S. affiliate share of employment or value added.

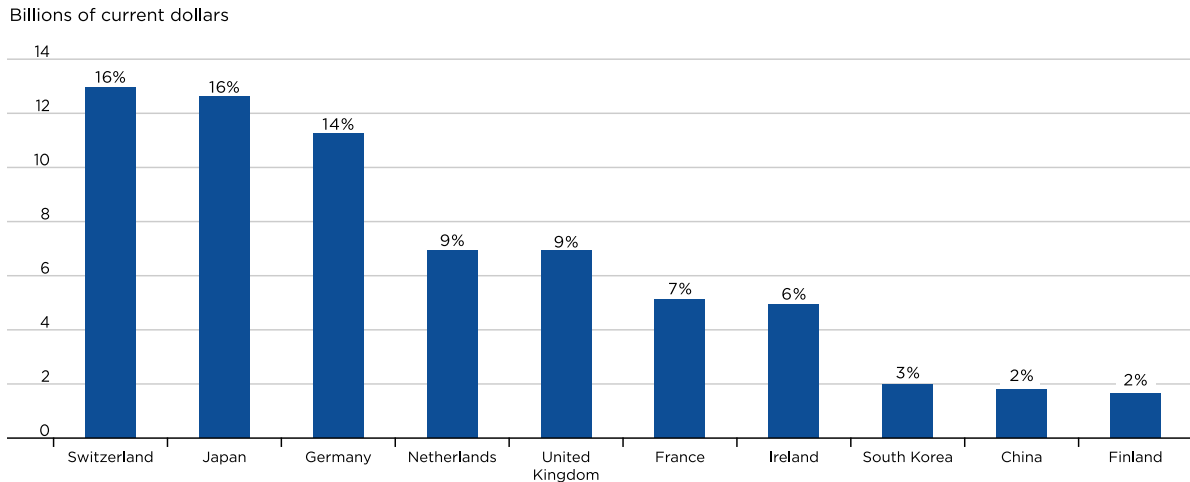
Chart 15. MOUSA R&D Performed by Industry, 2021



MOUSA: Majority-owned U.S. affiliates
R&D: Research and development
U.S. Bureau of Economic Analysis

- Manufacturing made up most of all majority-owned U.S. affiliate R&D performed, accounting for 71 percent of total R&D. Chemicals manufacturing (which includes pharmaceuticals) accounted for most of majority-owned U.S. affiliate manufacturing R&D.

Chart 16. MOUSA R&D Performed by Country of UBO, 2021



MOUSA: Majority-owned U.S. affiliates
R&D: Research and development
UBO: Ultimate beneficial owner
U.S. Bureau of Economic Analysis

- By country of UBO, Switzerland, Japan, Germany, the Netherlands, and the United Kingdom accounted for the largest share of majority-owned U.S. affiliate R&D performed. These top five countries of UBO accounted for 64 percent of majority-owned U.S. affiliate R&D.

1. Employment covers the total number of full-time and part-time employees on the payroll at the end of the year.
2. Value added is the value of the final goods and services produced by a firm's labor and property. Value added represents the firm's contribution to U.S. gross domestic product.
3. Expenditures for property, plant, and equipment cover expenditures for land and depreciable structures and equipment.
4. Research and development (R&D) performed includes expenditures for R&D performed by the U.S. affiliate, whether the R&D was for their own use or for use by others.



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