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Outward U.S. Foreign Direct Investment Performance during Recent Financial Crises

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***Abstract* - Foreign direct investment (FDI) plays an extraordinary and growing role in the global markets and represents an integral part of the U.S. economy. This research has descriptive character and focuses on the latest trends in outward United States foreign direct investment (US FDI) illustrating the impact of the recent financial crises on FDI performance.**

The study analyzes the outward US FDI stock contribution to the global FDI stock and its performance during the last decade including geographical and sectorial distribution. The next paragraph focuses on outward US FDI corporate players ranking MNC's by revenue and foreign assets. The essential part of this research relates to outward US FDI employment and financial performance, which includes: equity, reinvested earnings and intercompany debt.

This study constitutes a base for the further exploration of the importance of outward US FDI in the global markets and in the U.S. economy. The goal of this research is to illustrate the impact of current financial crises on outward US FDI performance. The basic statistics related to outward US FDI flow and stock come from the UNCTAD's FDI/TNC and from the Bureau of Economic Analysis (BEA), a section of the U.S. Department of Commerce.

1. Introduction

The International Monetary Fund defines foreign direct investment (FDI) as an investment that allows an investor to have a significant voice in the management of an enterprise operating outside the investor's own country. The phrase "significant voice" usually means ownership of 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise). This may involve either creating an entirely new enterprise—a so-called Greenfield investment—or, more typically, changing the ownership of existing enterprises, via mergers and acquisitions. Other types of financial transactions between related enterprises, such as reinvesting the earnings of the FDI enterprise, are also defined as FDI (http://www.conferenceboard.ca/hcp/details/economy/outward-fdi-performance.aspx).

The United States continues to be the leading destination for foreign direct investment (FDI) and the leading investor in other economies. A.T. Kearney's FDI Confidence Index measures investor sentiment on the basis of a survey of senior executives in the world's largest enterprises, and ranks present and future prospects for FDI flows to different economies with respect to the factors that drive corporate decisions to invest abroad. The FDI Confidence Index Report of 2010 ranked China and the United States as the most attractive FDI locations in the world, recording unprecedented levels of investor confidence. According to the ranking for 2011, however, although the United States remained a strong magnet for FDI in the world economy, China, India and Brazil occupied the top spots in terms of the Confidence Index (http://www.atkearney.com/gbpc/foreign-direct-investment-confidence-index).

The financial crisis, which began in summer 2007, has led to a progressive deterioration of the investment situation in the world economies. Various indicators during the first half of 2008 already suggested a decline in world growth prospects as well as in investors' confidence. This deteriorating climate began to leave its first negative marks in investment programs, including FDI, in early 2008. According to UNCTAD's 2008-2010 *World Investment Prospects Survey,* conducted April–June 2008, 40% of the respondent companies already mentioned at that time that the financial instability had a "negative" or "very negative" impact on their investment (*unctad.org/en/docs/wips2008_en.pdf.)*.

2. Recent Financial Crises and US FDI

The current recession, which began in December 2007, could rank as the longest U.S. economic downturn since the Great Depression. In addition to the severe economic downturn of the U.S. economy, global economic indicators have registered sharper declines than in the previous two global recessions of 1981 and 1990. The current global recession corresponded with reduction in global and U.S. foreign direct investment stock (Ibarra-Caton and Mataloni, 2010).

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The contribution of the United States to the world outward FDI stock is tremendous. In the last decade, on average between 2000 and 2011, US FDI stock represented 25% of the total world stock, while the all European Union countries accounted for 51% of the world FDI stock (www.unctad.org/fdistatistics).

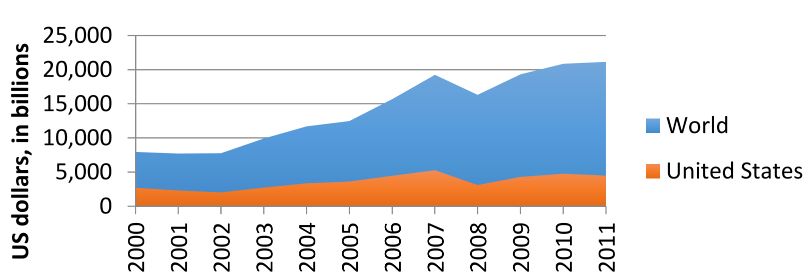
The United States is the largest recipient of direct investment in the world and the largest investor abroad. American direct investment abroad has grown sharply since the mid-1990s, raising questions about the effects of such investment on the U.S. economy. These questions seem pertinent since American multinational corporations lost shares of U.S. GDP over the last decade and their domestic employment had declined until the mid-1990s. Increased economic activity abroad relative to that in the United States increased overseas affiliate employment in some industries, including manufacturing (http://www.fas.org/sgp/crs/misc/RS21118.pdf). Critics claim that these companies have abandoned the United States, that they succeed only by exporting jobs, and that their domestic and international operations need to be rebalanced through changes in U.S. tax, trade and investment policy. However, strong U.S. multinational companies that are able to compete effectively in foreign markets will be positioned to help restore American economic growth. The ability of U.S. multinationals to stem domestic job losses and return to hiring more American workers depends on the health, vitality and competitiveness of their worldwide operations (businessroundtable.org/studies-and-reports/how-u.s.-multinational...).

There are empirical studies done on outward US FDI determinants. Dunning's (1988) identified an array of location factors that improve a country's attractiveness to foreign investors. Location advantages range from the availability of cheap labor, natural resources, skilled labor, and large and rapidly expanding local market, to the existence of stable economic and political systems. The presence of location advantages is a necessary condition for successful and profitable operation. Some studies emphasize the importance of economic factors such as market size, market growth, inflation rates, and income levels (Root and Ahmed 1979; Grubert and Mutti, 1991; Woodward and Rolfe, 1993). These studies suggest that FDI tends to be attracted mostly to countries with large and expanding domestic markets. Other studies place emphasis on political risk (Nigh, 1985; Fatehi-Sedeh and Safizade, 1988; Oseghale, 1993). While Cheng and Kwan (1999) suggest the primacy of the level of development of host country's infrastructure, Guisinger et al. (1992), Rolfe and White (1992), and Brewer (1993) emphasize the role of government policy in the process. Interestingly, these studies gave little or no considerations to the importance of a host country's institutional framework (Oseghale and Nwachukwu, 2010). Wheeler and Mody (1992) were among the first researchers to explore, empirically, the linkage between institutional framework (bureaucratic red tape, political instability, corruption, quality of the legal system and so on) and the location of US foreign affiliates.

3. Outward US FDI Stock Performance

As the world's largest economy, the United States is well positioned to participate in the increasingly competitive international environment for FDI that has emerged as both advanced and developing economies have recognized the value of such investment. In 2008 amid a sharpening financial and economic crisis, global and US FDI stock declined substantially. Figure 1, illustrates the US FDI stock compared to the global outward FDI stock. The outward global stock decreased between 2007 and 2008 by 15% from US$ 19,273 billion to US$ 16,343 billion increasing in 2009 and 2010 reaching US$ 21,169 billion in 2011. The outward global stock trend reflects the outward US FDI stock trend.

Figure 1. Outward World FDI stock vs. US FDI stock, 2000-2011



Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

The *outward US FDI stock decreased by 41%*, from US $ 5,275 billion to US$ 3,102 billion between 2007 and 2008 increasing in 2011 to UD$ 4,500billion. The outward US FDI stock as a percentage of GNP declined between 2007 and 2008 from 37% to 21% to increase to 29% in 2011 (Table 1). In 2011, outward US FDI stock (US$ 4,500 billion) exceeded by far the outward FDI stock of other large developed economies within the European Union, such as the United Kingdom (US$ 1,731 billion), Germany (US$ 1,442 billion), France (US$ 1,373 billion) and individuals contributors, such as: Hong Kong (US$ 1,046 billion), Japan (US$962 billion) and Canada (US$670 billion).

While the outward US FDI flows increased dynamically in 2011, the European Union countries outward FDI did not return to their pre-crises level while Japan and Hong Kong increased outward FDI significantly in comparison with the pre-crises level. The United States continues to be the leading outward FDI investor in the world, with outflows at US$397 billion in 2011, with total outward FDI flows from developing economies (US$384 billion) and with the total flows from developed economies (US$1.24 trillion), in particular, the European Union countries (US$ 651) and individual contributors such as: Japan (US$114 billion) and Hong Kong (US$ 82 Billion).

Table 1. Outward U.S. and Global FDI Stock, 2000-2011 (US$ billions)

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
World	7,953	7,719	7,786	9,917	11,695	12,465	15,697	19,273	16,343	19,326	20,865	21,169
United States	**2,694**	**2,315**	**2,023**	**2,729**	**3,363**	**3,638**	**4,470**	**5,275**	**3,102**	**4,287**	**4,767**	**4,500**
Comparator economies												
Canada	238	251	276	319	373	388	445	522	524	602	639	670
Hong Kong	388	352	310	340	403	472	677	1,011	762	832	936	1,046
Germany	542	618	696	831	925	928	1,081	1,332	1,327	1,412	1,437	1,442
France	926	798	639	947	1,154	1,232	1,610	1,795	1,268	1,583	1,580	1,373
Japan	278	300	304	336	371	387	450	543	680	741	831	962
United Kingdom	898	870	994	1,187	1,247	1,199	1,455	1,836	1,531	1,674	1,627	1,731

Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

Table 2. Outward U.S. and Global FDI flows, 2000-2011 (U.S.$ billions)

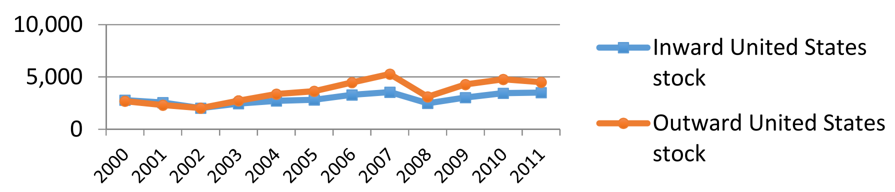
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
World	1,227	748	529	571	926	889	1,415	2,198	1,969	1,175	1,451	1,694
United States	**143**	**125**	**135**	**129**	**295**	**15**	**224**	**394**	**308**	**267**	**304**	**397**
Comparator economies												
United Kingdom	233	59	50	62	91	81	86	272	161	44	40	107
France	178	87	50	53	57	115	111	164	155	107	77	90
Hong Kong	59	11	18	5	46	27	45	62	51	64	95	82
Germany	57	40	19	6	21	76	119	171	73	75	109	54
Canada	45	36	27	23	43	28	46	58	80	42	39	50
Japan	32	38	32	29	31	46	50	74	128	75	56	114

Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics (Annex table 1)

During last financial crisis, the global FDI flow fell by **10.4%** from US$ 2,198 in 2007 to US$ 1,969 billion in 2008 picking up in 2009 to reach US$ 1,694 billion in 2010 and surpassing the pre-crisis level in 2011. The U.S. outward FDI flow decreased by **22%**, from US$ 394 in 2007 to US$ 308 billion in 2008, decreasing farther to UD$ 267 billion in 2009, to increase again in 2010 to US$ 304 billion and to UD$ 397 billion in 2011 exceeding the pre-crises level (table 2).

The outward US FDI stock outperformed inward US FDI stock during analyzed period of time (except 2000 and 2001) , which indicates that American stock abroad exceeds inward U.S. foreign billion in 2000 to US$ 311 billion in 2011. Among services, holding companies represent the largest recipient category in most years during 2000-2011. In recent years, financial services attracted

Figure 2. Inward and outward US FDI stock, 2000-2011 in US$ billion



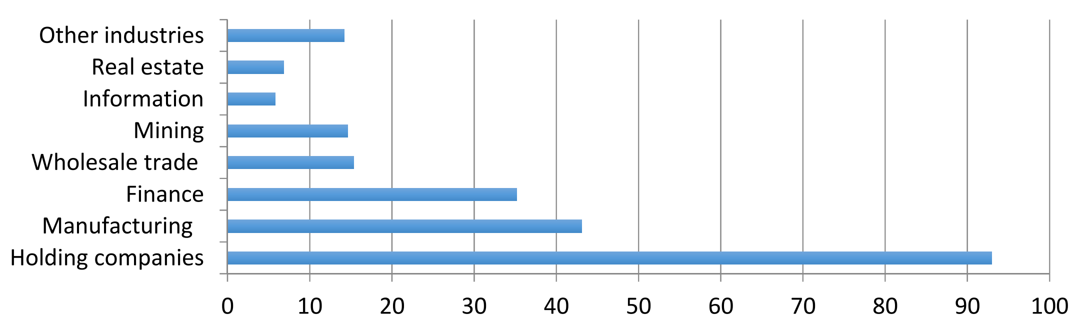
Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

Table 3. Inward and outward US FDI flow and stock, 2000-2011, US $billions

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Inward US FDI flow	314	159	75	53	136	105	237	216	306	153	198	227
Inward US FDI stock	2,783	2,560	2,022	2,455	2,717	2,818	3,293	3,551	2,486	3,027	3,451	3,509
Outward US FDI flow	143	125	135	129	295	15	224	394	308	267	304	397
Outward US FDI stock	2,694	2,315	2,023	2,729	3,363	3,638	4,470	5,275	3,102	4,287	4,767	4,500

Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

Figure 3. Sectoral distribution of U.S. outward FDI flows ,2000-2011 (avarage, billions US$)



Source: United States Department of Commerce, Bureau of Economic Analysis, available at: www.bea.gov/international

stock. Since 2007 outward US FDI flow outperformed inward US FDI flow (Table 3 and Figure 2).

4. Sectorial Distribution of Outward US FDI Flow

Within the outward US FDI flows, the services sector is the largest recipient, growing from US$ 91 considerable foreign direct investment. Between 2010 and 2011 financial services increased US$ 25 billion to US$ 37 billion. In the same period of time, the wholesale trade investment doubled from US$ 12 billion to US$ 24 billion. Within outward US FDI flows, manufacturing sector grew from US$ 43 billion in 2000 reaching the pick of US$ 72 billion in 2007 to decline during recession in 2008 to US$

36 billion and increase again in 2011 to US$ 59 billion (Table 4).

The most of outward US FDI flows went to service industry. This industry accounted, between 2000 and 2011 on average for 76% of the total FDI flows, followed by the manufacturing industry (19%) and other industries (5%).

Table 4. Sectorial distribution of outward US FDI flow, 2000 – 2011 (US$ billion)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All sectors	**143**	**125**	**135**	**129**	**295**	**15**	**224**	**394**	**308**	**267**	**304**	**397**
Services Holding companies	**30.1**	**45.2**	**45.9**	**50.3**	**117.2**	**-66.4**	**97.5**	**153.6**	**118.6**	**140.3**	**175.7**	**207.6**
Services Other then holding	**60.4**	**36.7**	**43.9**	**44.2**	**106.4**	**28.9**	**68.4**	**164.1**	**131.4**	**69.7**	**70.6**	**99.1**
Finance	22	3	38	20	51	13	26	82	58	47	25	37
Wholesale trade	12	16	3	12	19	13	15	13	32	13	12	24
Information	17	-3	-1	4	-0.36	3	4	9	8	9	8	12
Real estate	-1	0.88	7	-3	9	9	11	18	4	6	9	12
Manufacturing	**43**	**26**	**32**	**31**	**63**	**28**	**42**	**72**	**36**	**39**	**46**	**59**
Mining	2.2	15.6	6.7	3.8	18.2	12	21.8	19.9	25.6	12.1	13	24.8
Other industries	17.7	21.32	3.4	10.9	17.96	3.4	6.7	26.5	25.8	0.6	15.3	20.6

Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at www.bea.gov/international (Annex table 2)

5. Outward US FDI Corporate Players by Revenue and Foreign Assets

The multinational companies headquartered in the United States, ranked by revenue for 2011, are dominated by Petroleum Refining industry with Exxon Mobil on the top of the list followed by Chevron, ConocoPhillips and Valero Energy. Among the multinational corporations operating abroad, general merchandize industry with Wal-Mart Stores Inc. is ranked number two in 2011. United States parent companies in manufacturing prominently on the list are: General Motors (ranked 5) and Ford Motor (ranked 8). Included in the list of the top twenty-five foreign affiliates by revenue are the affiliates of four commercial banks: Bank of America Corp.,(ranked 12) J.P. Morgan Chase & Co., (ranked 15) , Citigroup (ranked 18) and Wells Fargo (ranked 22). US MNEs in electronic manufacturing, with established names like Hewlett-Packard and Apple are also among the top twenty-five, ranking 9 and 16 respectively (Annex Table 5).

Based on the foreign assets ranking, the leading U.S. trans-national companies (TNCs) are the companies manufacturing electrical and electronic equipment, petroleum products and pharmaceuticals. The top four leading TNCs include: General Electric (electrical and electronic equipment), Exxon Mobil and Chevron (petroleum products) and Pfizer Inc (pharmaceuticals) (Annex Table 6).

6. Outward US FDI Employment by Corporate Players

Foreign companies and their U.S. subsidiaries generate enormous economic benefits for the American economy and bring billions of investment dollars into the United States, create thousands of in-sourced American jobs, and highlight the importance of the U.S. market for foreign companies. Based on the Table 4 outward US FDI employment outperformed inward US FDI employment in each year, between 2000 and 2011, which indicates that all foreign affiliates create more jobs abroad then U.S. affiliates in the country. The most of the jobs created abroad by our foreign affiliates are in manufacturing industry, retail trade, wholesale trade, food services and management industries (Figure 4).

Americans believe that outward U.S. direct investment abroad, directly or indirectly, shifts some jobs to low wage countries. They argue that such shifts reduce employment in the United States and increase imports, thereby affecting negatively both U.S. employment and economic growth. Economists generally believe that firms invest abroad because those firms possess some special process or product knowledge or because they possess special managerial abilities which give them an advantage over other firms.

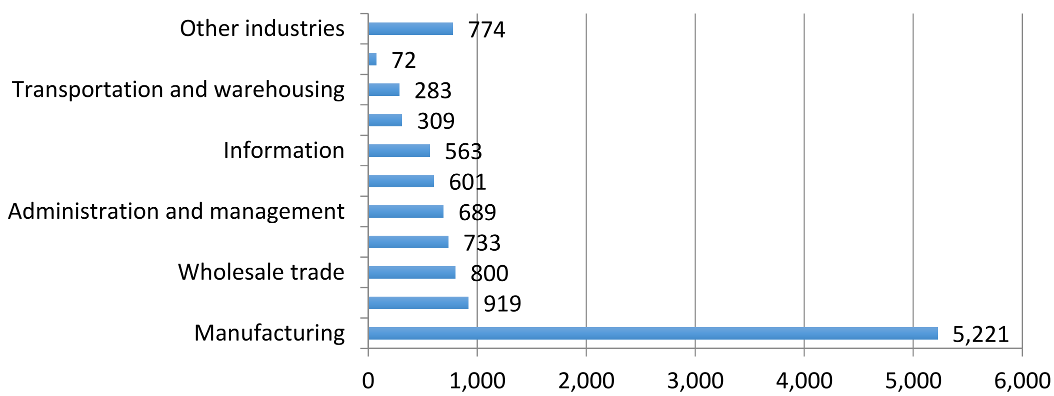
to raw materials, cheap labour, or other markets (http://www.fas.org/sgp/crs/misc/RS21118.pdf).

Table 5. Inward and outward US FDI employment, 2000-2010 (thousands of employees).

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total U.S employment	165,37	165,510	165,063	166,019	169,026	172,551	176,124	179,899	179,644	174,226	173,627
Inward FDI all U.S. Affiliates	6,525	6,268	5,925	5,713	5,617	5,665	5,803	6,089	6,325	5,979	5,802
Outward FDI, all Foreign Affiliates	9,713	9,804	9,776	9,657	10,068	10,622	11,149.9	11,732	11,801	13,029	13,256

Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at: www.bea.gov/international

Figure 4. Outward US FDI Employment by Industry 2000-2011 (on avarage, in thousands)



Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at www.bea.gov/international

There are instances when firms shift activities abroad to take advantage of lower labour costs. However, it is clear from the data that the majority of U.S. direct investment abroad is in developed countries where wages, markets, industries, and consumers' tastes are similar to those in the United States. U.S. direct investment in these developed countries is oriented toward serving the markets where the affiliates are located and they tend, in the aggregate, to boost exports from the United States. In addition, foreign firms have been pouring record amounts of money into the United States to acquire existing U.S. firms, to expand existing subsidiaries, or to establish Greenfield investments (http://www.fas.org/sgp/crs/misc/RS21118.pdf).

On the whole, U.S. firms invest abroad to serve the foreign local market, rather than to produce goods to export back to the United States, although some firms do establish overseas operations to replace U.S. exports or production, or to gain access

As far as the TNCs foreign employment, Wal-Mart's is the leading corporation with 800,000 foreign employees in retail and trade, followed by TNC's in electrical and electronic equipment industries, such as: International Business Machines Corporation (308,287), Hewlett-Packard (228,392) and General Electric Co (170,000). Motor vehicles industry represented by General Motors and Ford Motor employed respectively 106,000 and 85,000 employees. The next industries with quite high number of foreign employment are food, beverages and tobacco companies such as: Kraft Foods Inc. (90,000 employees) and The Coca-Cola Company (78,800 employees) and pharmaceutical companies such as: Johnson & Johnson (69,230 employees), Pfizer Inc. (64,420 employees), Merck & Co (52,900 employees) and Abbott Laboratories (51,450 employees). (Table 7).

7. Financial Structure Outward US FDI

Flows of FDI include capital provided either directly or through other related enterprises by a foreign direct investor to an enterprise. These flows have three components: equity capital, reinvested earnings and intra‑company loans. The outward US FDI equity, during the recent financial crises started to decline from US$ 201 billion in 2007 to US$ 127 billion in 2008 and to US$ 18 billion in 2009. Upward trend of equity capital started in 2010 with increased to US$ 41 in 2010 and to US$53 in 2011 (Table 8). Equity capital flows for new investments experienced a sharp decline during the current recession. The pronounced decline in equity capital flows for new investment coincided with a worldwide decline in global merger and acquisition activity. According to Thompson Reuters, global merger and acquisition activity fell by 40 percent.

Furthermore, an analysis of the correlation between individual components of FDI reveals the existence of very low inter-component correlation (ranging from -0.089 to 0.23). The weak correlation between the components suggests that they are independent of each other. This finding corroborates that of Salorio and Brewer (1998). The further study examined the effect of the quality of host country institutions on reinvestment decisions by United States multinationals.

Six indicators of quality of institutions were used as measures of the quality of host country institutions. The six indicators are Voice and Accountability, Political Stability and Lack of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. These indicators have been found, by Kaufmann (1999) to be most important in assessing the overall quality of a country's institutions. The statistical analysis reveals that the quality of host county institutions has a statistically significant effect on reinvestment decisions by US multinationals (Oseghale and Nwachukwu, 2010).

Table 8. The structure of outward US FDI flow by financial components (2000 – 2010), US$ billions

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Capital outflows	143	125	135	129	295	15	224	394	308	267	304	397
Equity	78	61	43	35	133	62	49	201	127	18	41	53
Intercompany debt	-12	12	26	-7	20	-15	-22	-17	-31	42	-29	18
Reinvested earnings	77	52	66	101	142	-32	197	210	212	207	292	326
Direct investment income	134	110	125	165	228	272	304	350	393	335	421	458

Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at www.bea.gov/international

The share of reinvested earnings trended upward through 2008, indicating that parent firms were still choosing to invest in their foreign affiliates rather than remit their earnings to the United States. Despite weak economic conditions, U.S. multinationals have continued to expand their investments in newly emerging markets at a more rapid rate than in advanced economies. The outward US FDI reinvested earnings declined between 2008 and 2009 from US$ 212 billion to US$ 207 billion and increased beyond the pre-crises level of US$292 billion in 2010 increasing farther to US$326 billion in 2011. Reinvestment is not only different from new equity and inter-company debt flows in terms of its share of total US FDI, it is the only component which originates in the host country and thus, does not involve cross-border transfer of funds.

Intercompany debt flows— loans between parent firms and affiliates—constitute a very small component of outward US FDI and are extremely volatile; they change direction frequently because the loans, which are often for the purpose of providing short term financing for intra-firm trade, tend to be repaid soon after they are created (Ibarra-Caton and Mataloni, 2010).

8. Conclusions

The recent economic crises negatively impacted world FDI flows in 2008 and 2009 and opened a period of major uncertainty. The effectiveness of government policy responses at both the national and international levels in addressing the financial crisis and its economic aftermath will play a crucial role for creating favorable conditions for a continued recovery of FDI inflows into the United States. Public policies will obviously play a major role in the implementation of favorable conditions for such a recovery. Structural reforms aimed at ensuring more stability in the world financial system, a renewed commitment to an open environment for FDI and the implementation of policies aimed at favoring investment and innovation are key issues in this respect (https://wpqr1.adb.org/.../0918BE1C4C9148EC48257567000D8869/...*).*

The United States is not only the largest recipient of direct investment but as well, the largest investor abroad the in the world. The contribution of the United States to the world outward FDI stock is tremendous. This research confirmed, that outward US FDI stock outperformed inward US FDI stock between 2002 and 2011, which indicates that American stock abroad exceeds foreign stock in the United Sates. In the last decade, on average between 2000 and 2011, US FDI stock represented 25% of the total world stock.

The outward US FDI stock decreased by 41%, from US $ 5,275 billion to US$ 3,102 billion between 2007 and 2008, while outward US FDI flows decreased by 32% from US$ 394billion to US$ 308 billion. The most of outward US FDI flows reached service industry. This industry accounted, between 2000 and 2011 (on average) about 76% of total FDI flows, followed by the manufacturing industry (19%) and remaining other industries (5%).

The multinational companies headquartered in the United States, ranked by revenue for 2011, are dominated by Petroleum Refining industry with Exxon Mobil on the top of the list followed by Chevron, ConocoPhillips and Valero Energy. Among the multinational corporations operating abroad, general merchandize industry with Wal-Mart Stores Inc. is ranked number two in 2011. United States parent companies in manufacturing prominently on the list are: General Motors (ranked 5) and Ford Motor (ranked 8).

Based on the foreign assets ranking, the leading U.S. trans-national companies (TNCs) are the companies manufacturing electrical and electronic equipment, petroleum products and pharmaceuticals. The top four leading TNCs include: General Electric (electrical and electronic equipment), Exxon Mobil and Chevron (petroleum products) and Pfizer Inc (pharmaceuticals)

The outward US FDI employment outperformed inward US FDI employment in each year, between 2000 and 2011, which indicates that our foreign affiliates create more jobs abroad then foreign companies operating in our country. The most jobs created abroad by our affiliates were in manufacturing industry, retail trade, wholesale trade, food services and management industries. Americans believe that outward U.S. direct investment abroad, directly or indirectly, shifts some jobs abroad, serve the foreign local market, rather than produce goods to export back to the United States. In contrary, some firms do establish overseas operations to replace U.S. exports or production, or to gain access to raw materials, cheap labour, or other markets, affecting negatively U.S. employment and economic growth.

As far as corporate employment, Wal-Mart's is the leading corporation with 800,000 foreign employees in retail and trade, followed by International Business Machines Corporation (308,287), Hewlett-Packard (228,392) and General Electric Co (170,000) in electrical and electronic equipment industries. Motor vehicles industry represented by General Motors and Ford Motor employed respectively 106,000 and 85,000 employees. The next industries with quite high number of foreign employment are food, beverages and tobacco companies.

The outward US FDI equity capital for new investments experienced a sharp decline during the current recession. The pronounced decline in equity capital flows for new investment coincided with a worldwide decline in global merger and acquisition activity... The outward US FDI equity, during the recent financial crises started to decline from US$ 201 billion in 2007 to US$ 127 billion in 2008 and to US$ 18 billion in 2009. Upward trend of equity capital started in 2010 with increased to US$ 41 in 2010 and to US$53 in 2011.

The share of reinvested earnings trended upward through 2008, indicating that parent firms were still choosing to invest in their foreign affiliates rather than remit their earnings to the United States. Despite weak economic conditions, U.S. multinationals have continued to expand their investments in newly emerging markets at a more rapid rate than in advanced economies. The outward US FDI reinvested earnings declined between 2008 and 2009 from US$ 212 billion to US$ 207 billion and increased beyond the pre-crises level of US$292 billion in 2010 increasing farther to US$326 billion in 2011.

As far as outward US FDI, based on the United States Council for International Business (USCIB) reports the U.S. multinationals are first and foremost American companies, and continue to enhance the nation's economy by their capital investment, research and development, and continued support of good-paying American jobs. The worldwide operations of U.S. multinationals are highly concentrated in America in their U.S. parents, not abroad in their foreign affiliates. The idea that U.S. multinationals have somehow "abandoned" the United States is not supported by the facts.

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Annex table 1. United States: geographical distribution of outward FDI flows, 2000-2011
(US$, in billions)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Countries Total	143	125	135	129	295	15	224	394	308	267	304	397
North America	17	17	15	17	24	14	-2	22	12	10	28	40
Canada	17	17	15	17	24	14	-2	22	12	10	28	40
Europe	78	66	80	88	137	-29	148	240	178	159	187	224
Denmark	2	0.26	2	-2	0.84	0.73	-0.39	0.84	1	-0.23	0.68	7
Germany	4	12	2	4	9	8	3	10	0.78	7	5	8
Ireland	10	2	11	7	9	-15	20	16	32	23	28	31
Luxembourg	2	20	11	8	3	-9	17	25	27	23	49	50
Netherlands	0.96	12	15	16	31	-19	41	109	39	60	47	56
Switzerland	9	4	8	14	12	-9	11	7	25	16	-0.82	12
United Kingdom	28	8	15	27	42	6	31	22	30	28	47	37
Latin America	23	26	15	4	32	0.07	36	55	63	61	45	85
Argentina	0.68	-0.51	-1	-0.12	2	0.86	4	0.55	2	1	-2	3
Bermuda	9	7	4	-4	4	-1	20	15	8	30	16	26
Brazil	3	0.11	-0.27	-0.29	3	1	0.22	6	4	3	9	10
Chile	0.20	3	-2	0.20	0.91	-0.43	0.45	4	3	1	4	4
Mexico	4	14	8	4	8	10	9	10	5	8	0.41	8
Peru	-0.02	0.10	-0.44	0.30	0.48	0.90	0.23	0.68	-0.58	0.76	0.76	2
Venezuela	4	0.46	0.15	-0.46	-0.40	1	0.51	1	1	2	0.81	2
Africa	0.71	2	-0.58	3	2	3	5	5	4	9	9	5
Egypt	-0.09	0.58	0.13	0.47	0.45	1	0.05	0.99	2	2	2	2
South Africa	0.35	-0.09	0.12	0.23	0.48	0.08	0.16	1	0.31	0.41	0.78	0.72
Middle East	1	1	3	1	3	4	6	4	4	5	-0.28	0.85
Saudi Arabia	0.39	-0.32	2	-1	-1	-0.21	0.77	0.56	0.34	3	-0.16	0.79
United Arab Emirates	0.09	0.10	0.40	0.19	1	-0.06	1	0.26	0.29	1	0.28	1
Asia and Pacific	23	13	23	17	97	24	32	68	47	23	36	41
Australia	0.89	-0.75	8	8	n.a.	n.a.	2	10	10	3	18	14
Hong Kong	5	5	1	-0.69	n.a.	5	4	12	-0.33	8	-21	5
Japan	4	-5	9	0.87	13	6	3	16	-2	10	1	5
Korea	2	1	2	1	4	2	3	0.82	2	3	3	4
Singapore	4	6	0.53	5	n.a.	3	8	14	9	4	13	8

Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at: www.bea.gov/international.

Annex table 1a. United States: geographical distribution of outward FDI flows, 2000-2011 (% of total)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Countries Total	100	100	100	100	100	100	100	100	100	100	100	100
North America	12	14	11	13	8	93	-1	6	4	4	9	10
Canada	12	14	11	13	8	93	-1	6	4	4	9	10
Europe	55	53	59	68	46	-193	66	61	58	60	62	56
Denmark	1	0.2	1	-2	0.3	5	-0.2	0.2	0.3	-0.1	0.2	2
Germany	3	10	1	3	3	53	1	3	0	3	2	2
Ireland	7	2	8	5	3	-100	9	4	10	9	9	8
Luxembourg	1	16	8	6	1	-60	8	6	9	9	16	13
Netherlands	1	10	11	12	11	-127	18	28	13	22	15	14
Switzerland	6	3	6	11	4	-60	5	2	8	6	-0.3	3
United Kingdom	20	6	15	27	42	6	31	22	30	28	47	37
Latin America	16	21	11	3	11	0	16	14	20	23	15	21
Argentina	0.5	-0.4	-0.7	-0.1	0.7	6	2	0.1	0.6	0.4	-0.7	0.8
Bermuda	6	6	3	-3	1	-7	9	4	3	11	5	7
Brazil	2	0.1	-0.2	-0.2	1	7	0.1	2	1	1	3	3
Chile	0.1	2	-1	0.2	0.3	-3	0.2	1	1	0.4	1	1
Mexico	3	11	6	3	3	67	4	3	2	3	0.1	2
Peru	-0.01	0.1	-0.3	0.2	0.2	6	0.1	0.2	-0.2	0.3	0.3	0.5
Venezuela	3	0.4	0.1	-0.4	-0.1	6.7	0.2	0.3	0.3	0.7	0.3	0.5
Africa	0.5	1.6	-0.4	2	0.7	20	2	1	1	3	3	1
Egypt	-0.1	0.5	0.1	0.4	0.2	6.7	0.02	0.3	0.6	0.7	0.7	0.5
South Africa	0.2	-0.1	0.1	0.2	0.2	0.5	0.1	0.3	0.1	0.2	0.3	0.2
Middle East	1	0.8	2	0.8	1	27	3	1	1	2	-0.1	0.2
Saudi Arabia	0.3	-0.3	1	-0.8	-0.3	-1.4	0.3	0.1	0.1	1	-0.1	0.2
United Arab Emirates	0.1	0.1	0.3	0.1	0.3	-0.4	0.4	0.1	0.1	0.4	0.1	0.3
Asia and Pacific	16	10	17	13	33	160	14	17	15	9	12	10
Australia	1	-0.6	6	6	n.a.	n.a.	0.9	3	3	1	6	4
Hong Kong	3	4	1	-1	n.a.	33	2	3	-0.1	3	-7	1
Japan	3	-4	7	1	4	40	1	4	-1	4	0.3	1
Korea, Republic of	1	0.8	1	0.8	1	13	1	0.2	0.6	1	1	1
Singapore	3	5	0.4	4	n.a.	20	4	4	3	1	4	2

Source: U.S. Department of Commerce, Bureau of Economic Analysis, FDI database, available at: www.bea.gov/international.

Annex table 2. United States: sectorial distribution of outward FDI flows, 2000 – 2011 (UD$, billions)

All Countries Total	143	125	135	129	295	15	224	394	308	267	304	397
Services	91	83	92	95	225	-35	167	323	254	215	249	311
Wholesale trade	12	16	3	12	19	13	15	13	32	13	12	24
Retail trade	2	3	3	3	4	-0.19	-0.16	6	5	3	5	4
Information	17	-3	-1	4	-0.36	3	4	9	8	9	8	12
Depository institutions	-1	10	-2	1	-2	-5	-6	11	4	-17	-4	-9
Finance	22	3	38	20	51	13	26	82	58	47	25	37
Real estate	-1	0.88	7	-3	9	9	11	18	4	6	9	12
Professional services	5.4	3.7	-1.1	3.2	12.4	-2.1	9.4	12.1	9.4	4.7	7.6	8.1
Transportation	0.45	1.2	2.3	0.7	1.5	3	1.1	5.3	4.1	4.6	2.5	4.6
Holding companies	30.1	45.2	45.9	50.3	117.2	-66.4	97.5	153.6	118.6	140.3	175.7	207.6
Other services	4	3	-3	4	13	-1.69	9	13	11	4	8	11
Manufacturing	43	26	32	31	63	28	42	72	36	39	46	59
Food	2	2	3	3	0.87	1	3	11	4	3	5	4
Beverages and tobacco	0.27	0.38	7	4	5	6	4	4	3	3	2	5
Textiles, apparel, & leather	0.39	0.27	-0.05	0.41	0.47	0.70	0.72	1	0.37	0.39	0.50	0.84
Wood products	-0.05	0.37	0.63	0.08	0.38	-0.32	-0.35	-0.42	-0.26	-0.31	-0.20	-0.04
Paper	1	2	0.75	-0.17	1	-0.04	0.49	1	0.29	0.20	0.18	0.24
Printing	0.11	-0.24	0.05	-0.03	4	0.99	-0.14	0.03	-0.20	0.03	1	0.001
Petroleum and coal	2	2	3	0.04	-0.3	3	2	2	0.87	7	-4	-3
Chemicals	4	10	8	7	13	4	6	11	16	14	15	16
Plastics and rubber	0.07	0.71	1	1	0.85	1	-0.04	2	2	0.58	1	0.89
Nonmetallic minerals	0.49	0.64	0.97	0.6	3	0.12	1	3	0.94	1	2	2
Primary & fabricated metals	1	0.31	1	-0.31	3	-0.70	3	3	3	0.89	1	3
Machinery	3	-0.81	0.29	3	4	2	4	6	7	4	5	7
Computers & electronics	17	4	-2	2	11	4	13	7	4	-2	9	8
Electrical equipment	2	1	2	0.31	0.66	2	3	4	3	-0.19	2	-0.01
Transportation equipment	8	2	5	3	2	-0.25	2	12	-12	3	-0.07	9
Furniture and related	n.a.	2	0.20	0.07	0.08	-0.10	0.01	-0.09	-0.03	-0.01	0.06	0.15
Other manufacturing	2	0.2	1	7	14	5	1	6	4	5	6.5	6
Other industries	9	16	11	3	7	22	15	-1	18	13	9	27
Mining	2.2	15.6	6.7	3.8	18.2	12	21.8	19.9	25.6	12.1	13	24.8
Utilities	2.6	2.9	-1.2	-0.4	-1.9	4.8	0.3	-4.2	0.3	0.6	1.5	5.8
Other	4.25	-2.6	5.4	-0.6	-9.4	4.7	-7.1	-16.7	-8	0.7	-5.3	-3.9

Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at www.bea.gov/international.

Annex table 2a. United States: sectorial distribution of outward FDI flows, 2000 – 2011, (% of total)

All Countries Total	100	100	100	100	100	100	100	100	100	100	100	100
Services	64	66	68	74	76	-230	75	82	83	80	82	78
Wholesale trade	8	13	2	9	6	87	7	3	10	5	4	6
Retail trade	1	2	2	2	1	-1	-0.1	2	2	1	2	1
Information	12	-2	-1	3	-0.1	20	2	2	3	3	3	3
Depository institutions	-1	8	-1	1	-1	-33	-3	3	1	-6	-1	-2
Finance	15	2	28	16	17	87	12	21	19	18	8	9
Real estate	-1	1	5	-2	3	60	5	5	1	2	3	3
Professional services	4	3	-1	2	4	-14	4	3	3	2	3	2
Transportation	0.3	1	2	1	1	20	0.5	1	1	2	1	1
Holding companies	21	36	34	39	40	-443	44	39	39	53	58	52
Other services	3	2	-2	3	4	-11	4	3	4	1	3	3
Manufacturing	30	21	24	24	21	187	19	18	12	15	15	15
Food	1	2	2	2	0.3	7	1	3	1	1	2	1
Beverages and tobacco	0.2	0.3	5	3	2	40	2	1	1	1	1	1
Textiles, apparel, & leather	0.3	0.2	-0.04	0.3	0.2	5	0.3	0.3	0.1	0.1	0.2	0.2
Wood products	-0.03	0.3	0.5	0.1	0.1	-2	-0.2	-0.1	-0.1	-0.1	-0.1	0.0
Paper	1	2	1	-0.1	0.3	-0.3	0.2	0.3	0.1	0.1	0.1	0.1
Printing	0.1	-0.2	0.04	-0.02	1	7	-0.1	0.01	-0.1	0.01	0.3	0.00
Petroleum and coal	1	2	2	0.03	-0.1	20	1	1	0.3	3	-1	-1
Chemicals	3	8	6	5	4	27	3	3	5	5	5	4
Plastics and rubber	0.05	1	1	1	0.3	7	-0.02	1	1	0.2	0.3	0.2
Nonmetallic minerals	0.3	1	1	0.5	1	1	0.4	1	0.3	0.4	1	1
Primary & fabricated metals	1	0.2	1	-0.2	1	-5	1	1	1	0.3	0.3	1
Machinery	2	-1	0.2	2	1	13	2	2	2	1	2	2
Computers & electronics	12	3	-1	2	4	27	6	2	1	-1	3	2
Electrical equipment	1	1	1	0.2	0.2	13	1	1	1	-0.1	1	0.00
Transportation equipment	6	2	4	2	1	-2	1	3	-4	1	-0.02	2
Furniture and related	n.a.	2	0.1	0.1	0.03	-1	0.00	-0.02	-0.01	0.00	0.02	0.04
Other manufacturing	1	0.2	1	5	5	33	0.4	2	1	2	2	2
Other industries	6	13	8	2	2	143	7	0	6	5	3	7
Mining	2	12	5	3	6	80	10	5	8	5	4	6
Utilities	2	2	-1	-0.3	-1	32	0.1	-1	0.1	0.2	0.5	1
Other	3	-2	4	-0.5	-3	31	-3	-4	-3	0.3	-2	-1

Source: United States Department of Commerce, Bureau of Economic Analysis, FDI database, available at www.bea.gov/international.

Annex 3. Table 5. U.S. top 25 multinational corporations (MNCs), ranked by revenue, 2011 (billions US$)

Rank 2011	Rank 2010	Rank 2000	MNC Name	Industry	Revenue US $ billion	Profits US $ billion
1	2	3	Exxon Mobil	Petroleum Refining	**453**	41
2	1	2	Wal-Mart Stores	General Merchandisers	**447**	16
3	3	35	Chevron	Petroleum Refining	**246**	27
4	4	74	ConocoPhillips	Petroleum Refining	**237**	12
5	8	1	General Motors	Motor Vehicles and Parts	**150**	9
6	6	5	General Electric	Diversified Financials	**148**	14
7	7	64	Berkshire Hathaway	Insurance	**144**	10
8	10	4	Ford Motor	Motor Vehicles and Parts	**136**	20
9	11	13	Hewlett-Packard	Computers	**127**	7
10	12	8	AT&T	Telecommunications	**126**	4
11	24	229	Valero Energy	Petroleum Refining	**125**	2
12	9	11	Bank of America	Commercial Banks	**115**	1.4
13	15	38	McKesson	Health Care	**112**	1.2
14	16	-	Verizon	Telecommunications	**111**	2.4
15	13	92	J.P. Morgan Chase & Co	Commercial Banks	**110**	19
16	35	285	Apple	Computers	**108**	26
17	18	6	International Business Machines	Information Technology Services	**106**	16
18	14	7	Citigroup	Commercial Banks	**103**	11
19	19	59	Cardinal Health	Health Care	**102**	0.9
20	22	86	UnitedHealth Group	Health Care (Insurance)	**101**	5
21	28	44	Costco Wholesale	Specialty Retailers	**89**	1
22	23	68	Wells Fargo	Commercial Banks	**88**	16
23	26	23	Procter & Gamble	Household	**83**	12
24	39	120	Archer Daniels Midland	Food Production	**81**	2
25	51	-	INTL FC Stone	Diversified Financials	**75**	0.04

Source: Fortune magazine, available at: http://money.cnn.com/magazines/fortune/fortune500/2012/snapshots/387.html

Annex 4. United States: Top 20 non-financial TNCs, ranked by foreign assets, 2011
U.S. Dollars at current prices and current exchange rates in billions

Rank 2011	MNC Name	Industry	Foreign Assets (US $ billion)	Foreign Sales (US $ billion)
1	General Electric Co	Electrical & electronic equipment	**502.6**	77.5
2	Exxon Mobil Corporation	Petroleum	**214.2**	316.7
3	Chevron Corporation	Petroleum	**139.8**	139.3
4	Pfizer Inc	Pharmaceuticals	**100.4**	40.5
5	ConocoPhillips	Petroleum	**82.7**	85.7
6	General Motors Co	Motor vehicles	**77.1**	69.1
7	Ford Motor Company	Motor vehicles	**76.9**	65.1
8	Wal-Mart Stores Inc	Retail & Trade	**74.7**	109.2
9	Procter & Gamble Co	Diversified	**68.1**	48.7
10	Hewlett-Packard Co	Electrical & electronic equipment	**64.9**	83.1
11	Johnson & Johnson	Pharmaceuticals	**58.2**	36.1
12	International Business Machines Corporation	Electrical & electronic equipment	**57.8**	69.9
13	Kraft Foods Inc	Food, beverages and tobacco	**54.4**	32.4
14	Caterpillar Inc	Construction	**39.6**	38.4
15	The Coca-Cola Company	Food, beverages and tobacco	**36.9**	27.8
16	Merck & Co	Pharmaceuticals	**36.5**	27.6
17	Liberty Global Inc	Telecommunications	**35.9**	9.4
18	Dow Chemical Company	Chemicals	**34.6**	40.6
19	Schlumberger Ltd	Other consumer services	**34.5**	26.8
20	Abbott Laboratories	Pharmaceuticals	**34.1**	22.8

Source: UNCTAD/Erasmus University database; www.unctad.org/wir or www.unctad.org/fdistatistics

Annex 5. Table 7. United States: Top 20 non-financial TNCs, ranked by number of employees, 2011

Rank 2011	MNC Name	Industry	Foreign Employment (number of employees)
1	Wal-Mart Stores Inc	Retail & Trade	800,000
2	International Business Machines Corporation	Electrical & electronic equipment	308,287
3	Hewlett-Packard Co	Electrical & electronic equipment	228,392
4	General Electric Co	Electrical & electronic equipment	170,000
5	General Motors Co	Motor vehicles	106,000
6	Procter & Gamble Co	Diversified	94,618
7	Kraft Foods Inc	Food, beverages and tobacco	90,000
8	Ford Motor Company	Motor vehicles	85,000
9	The Coca-Cola Company	Food, beverages and tobacco	78,800
10	Caterpillar Inc	Construction	71,863
11	Schlumberger Ltd	Other consumer services	70,609
12	Johnson & Johnson	Pharmaceuticals	69,230
13	Pfizer Inc	Pharmaceuticals	64,420
14	Merck & Co	Pharmaceuticals	52,900
15	Abbott Laboratories	Pharmaceuticals	51,450
16	Exxon Mobil Corporation	Petroleum	49,496
17	Chevron Corporation	Petroleum	31,000
18	Dow Chemical Company	Chemicals	25,705
19	Liberty Global Inc	Telecommunications	12,951
20	ConocoPhillips	Petroleum	8,529

Source: UNCTAD/Erasmus University database; www.unctad.org/wir or www.unctad.org/fdistatistics