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AN EVALUATION OF CURRENT TRENDS IN FOREIGN DIRECT INVESTMENT IN THE SOUTHEAST UNITED STATES

*Dr. Cedric L. Suzman**

with

*J. Alexander Heslin***

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I. INTRODUCTION

The most comprehensive and detailed source of information on foreign direct investment in the United States presently available is the United States Department of Commerce, Bureau of Economic Analysis (BEA) benchmark survey of *Foreign Direct Investment in the United States, 1980.*[1] The survey is based on

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1. BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE, FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, (1983) [hereinafter cited as 1980 SURVEY]. It is not within the scope of this article to examine all implica-

mandatory reporting by United States affiliates of foreign parents under terms of the International Investment Survey Act of 1976.[2]

Following the previous benchmark survey in 1974,[3] the Southern Center for International Studies obtained unpublished data on the twelve Southeastern States[4] for 1977 and 1979 from the BEA and reported on this data in an earlier article.[5] For this analysis, comparable unpublished state data again were obtained from the BEA for 1982. More current information is compiled by the individual states, but is unfortunately inconsistent with BEA data and is also inconsistent between states (except perhaps for employment) because investment values are compiled differently. Therefore, it is not possible to use this data for comparative purposes.

Further problems of measurement exist because the annual BEA data generally reflect investment "position," which is the "book value of foreign direct investors' equity in, and net outstanding loans to, their United States affiliates."[6] Thus, the BEA position measures net claims of foreign direct investors on their United States affiliates without measuring assets of the affiliates. The benchmark surveys,[7] however, report total assets as well as gross book value of property, plant and equipment (P,P&E) with only these latter figures reported by states. This analysis, therefore, examines national data in terms of position, while state data is studied in terms of gross book value of P,P&E. Table 1 shows

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tions of data presented in this survey. Figures discussed are necessary background to this article's major focus of foreign direct investment trends in the southeastern United States.

2. 22 U.S.C. §§ 3101-3108 (1982 & Supp. 1985).

3. Data from the 1974 benchmark survey are compiled in 2 U.S. DEPARTMENT OF COMMERCE, FOREIGN DIRECT INVESTMENT IN THE UNITED STATES (1975) [hereinafter cited as 1974 SURVEY].

4. Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

5. Suzman, *Foreign Direct Investment in the Southeast United States: A Comparative Analysis*, in INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, THE COSTS AND BENEFITS OF FOREIGN INVESTMENT FROM A STATE PERSPECTIVE 1-32 (C. Suzman ed. 1982) [hereinafter cited as INT'L TRADE ADMIN.].

6. Although national data for 1983 has been reported, it was not reported by state. *See* Belli, *Foreign Direct Investment in the United States in 1983*, in DEPARTMENT OF COMMERCE, SURVEY OF CURRENT BUSINESS, at 26 & n.1 (Oct. 1984).

7. *See supra* notes 1 and 3 and accompanying text.

these three investment measures together with employment numbers for nonbank United States affiliates by country of ultimate beneficial owner.

In addition to examining recent trends in foreign direct investment in the twelve Southeastern States, the final section of this paper will discuss the further need to examine the impact of foreign investment after the initial investment. The 1980 benchmark survey provides national data on sales, net income, retained earnings, intercompany capital flows, fees and royalties, research and development expenditures, as well as imports and exports. However, this information has not been analyzed adequately and is not available at the regional or state level. In particular, it is important to examine the impact of new investments on the regional economy. These foreign investments often encourage investment by domestic or foreign component suppliers, generate imports and exports of components and finished products, and generate employment changes as well as environmental and social effects. Ultimately, these questions can be adequately addressed only through detailed case studies. The Southern Center for International Studies is currently starting such a project on a limited basis.

II. Foreign Direct Investment in the United States, 1980-1983

There was a marked slowdown in the growth of foreign direct investment in the United States in 1982 and 1983, with increases of only 15 percent and 9 percent, respectively.[8] This contrasts with an average annual growth rate of about 30 percent during the four years prior to 1982. The United States recession, which lasted until early in 1983, was the reason for the slowdown. The subsequent precipitous increase in the value of the dollar, which made new investment in the United States extremely expensive, also contributed to the downturn. Economic growth, attractiveness of the United States market, and political stability continue to be overriding influences on foreign investors. Thus, despite the appreciating dollar, investment surged in 1984, largely because of the United States economic recovery. More than $22.5 billion in new investment flowed into the United States, nearly double the total for 1983.

8. Belli, *supra* note 6, at 26.

Foreign direct investment position data indicate that more than two-thirds of the $135.3 billion invested by the end of 1983 was accounted for by European parents. Of this foreign direct investment, $32.5 billion originated in the United Kingdom, followed by the Netherlands ($28.8 billion) and West Germany ($10.5 billion). Japan ($11.1 billion) and Canada ($11.1 billion) each accounted for about 8 percent of the total. Within the Latin American countries, the Netherland Antilles and Panama accounted for $13.7 billion.[9] Both the Netherlands Antilles and Panama are tax havens that provide anonymity through bearer shares. Consequently, companies registered in these countries are often owned by private European, Latin American, or Arab investors.

Between 1980 and 1983, $66.6 billion in new investment flowed into the United States.[10] Slightly more than 25 percent came from the United Kingdom, which invests primarily in manufacturing, followed by petroleum, wholesaling, retailing, and real estate. Almost 24 percent came from the Netherlands, the bulk of which came in petroleum related investment through Royal Dutch Shell, followed by manufacturing. Japan contributed 11 percent, largely in wholesaling through its trading companies. Interestingly, Japan rose to third place during 1983, exceeding both Switzerland and Germany in total United States investment.

The rapid increase in Japanese investment in the United States becomes even more noteworthy after looking at total assets of United States affiliates rather than position.[11] By 1980, in terms of total assets, Japan was the largest foreign investor with $98 billion, followed by the United Kingdom ($84.9 billion) and Canada ($66.1 billion).[12] More than $70.3 million of Japanese assets are in banking which far exceeds the $28.1 billion in banking investments from the United Kingdom, the second largest investor in banking. Comparing nonbank affiliates only, Japan falls back to fifth place among foreign investors on the basis of total assets.

Table 3 shows investment position in 1983 and capital inflows from 1980 to 1983 by industry sector. Manufacturing accounts for

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9. *See* Table 2 and Belli, *supra* note 6, at 38, table 15.

10. *Id.*

11. Position merely reflects the parent's equity and loan capital in the affiliate, not total capital. *See* Belli, *supra* note 6, at 26 n.1.

12. *See* Table 4. 1980 is the latest year for which data are available on total assets by country and by industry.

35.3 percent of all foreign investment, followed by wholesaling (14.8 percent), petroleum (13.6 percent) and real estate (10.3 percent). Within manufacturing, chemicals and allied products remains the largest subsector by a large margin. In terms of new capital inflows, between 1980-1983, manufacturing remained the leader with 29.4 percent, but real estate edged ahead of wholesaling (14.7 percent vs. 14.6 percent) and petroleum fell to 12.7 percent.

A. Regional Trends, 1974-1982

Between 1974 and 1982, $44.5 billion of foreign investment in P,P&E flowed into the Southeast. This amount was greater than the foreign investment in any other region of the country. However, the Rocky Mountains (101.4 percent), the Southwest (75.5 percent), and the Far West (65.3 percent), all had greater average annual percentage increases than the Southeast (53.7 percent).[13]

The creation of new jobs is a primary concern to most states. The Southeast led other regions both in total employment and new employment during 1974-1982. More than 356,000 new jobs were created in the Southeast.[14]

The significantly lower rate of increase in employment compared to capital investment is due primarily to the high rate of inflation during 1974-1982. After allowing for inflation, which averaged 6.9 percent per year during the period,[15] the *real* average annual increase in P,P&E in 1974 dollars was 24.3 percent, compared to the employment increase of 19.9 percent. The difference of 4.4 percent, therefore, resulted from a continuing trend toward greater capital intensiveness.[16]

B. The Twelve Southeastern States

Within the twelve state Southeastern region, Florida and Louisiana showed the largest increase in P,P&E, each with almost $6.6

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13. *See* Table 5.

14. *See* Table 6.

15. The GNP deflator was used to reduce the 1982 actual gross value of P,P&E of $54,842 million to 1974 dollars. The GNP deflator was obtained from INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, INTERNATIONAL ECONOMIC INDICATORS 42 (Dec. 1983).

16. This trend was referred to in an earlier paper, see Suzman, *supra* note 5, and was particularly marked during the 1974-1977 period.

billion in growth during 1974-1982.[17] Georgia, North Carolina, South Carolina, and West Virginia each had increases of more than $4 billion. Surprisingly, West Virginia led the states with the largest average annual percentage increase in P,P&E of 106.8 percent, followed by Florida (91.0 percent) and Georgia (89.2 percent). The region's impressive growth in investment accelerated significantly in 1981 and 1982, partly due to inflation. This growth rate generally equaled or exceeded growth during the previous six years beginning in 1974.

In terms of employment by nonbank United States affiliates, Georgia led the states with an increase during 1974-1982 of 56,738 employees, followed by Florida (50,655) and North Carolina (50,434).[18] North Carolina, however, still had the largest total number employed (92,170).

Reasons for the flow of foreign investment into the Southeast are varied. Economic growth, influx of population, good climatic conditions and a largely nonunion work force are always mentioned, as are port facilities and accessibility to the rest of the country. In recent years, the availability of adequate professional, legal and accounting services, the presence in Atlanta of foreign banks, consulates, trade offices and foreign-American chambers of commerce have also been factors. In addition, the increasing number of overseas air routes to Europe and Latin America have played an important part in attracting foreign investors to the region.

A significant factor, however, has been the ongoing effort by state government officials.[19] State promotional efforts have included aid in site selection, pretraining programs for the work force and assistance with legal and regulatory requirements. The twelve Southeastern States now also have twenty-one overseas offices, with six in Tokyo alone. These overseas offices are often criticized for their single-minded dedication to attracting reverse investment which sometimes means insufficient attention to trade promotion. As a result of these state efforts, however, foreign investors are made to feel not only welcome but also very important to the local community.

An analysis of investment in P,P&E by country of ultimate

17. *See* Table 7.

18. *See* Table 8.

19. Such state efforts often include personal involvement of the governors as well as frequent overseas investment-seeking missions.

beneficial ownership shows that by the end of 1982, Canadians had the largest investment in the Southeast region with $13.5 billion.[20] This figure marked an increase from only $959 million in 1974 and $4 billion in 1980.[21] This increase means that the Southeast now accounts for more Canadian investment than any other region of the country. Canada's largest investment was in Louisiana with $2 billion, followed by West Virginia, Florida, Virginia, Tennessee and North Carolina, each with investment of over $1 billion.

Until 1980, the Netherlands was the largest investor in the Southeast[22] and was in second place by 1982 with $9.4 billion, followed by the United Kingdom ($7.6 billion) and Germany ($6.7 billion).[23] The Netherlands had more than $1 billion invested in Georgia, Louisiana and West Virginia,[24] while the United Kingdom had more than $1 billion in Georgia, North Carolina and South Carolina. Germany had more than $1 billion invested in Florida only, and no other countries (other than those mentioned above) had more than $1 billion invested in a single Southeastern State.

As noted above, Japanese investment has grown rapidly in recent years. Between 1980 and 1982, the gross book value of Japanese P,P&E in the Southeast region increased from $963 million to $1,803 million.[25] This increase was exceeded only by the Japanese investment in the Far West which includes California.[26]

In terms of employment in nonbank United States affiliates, North Carolina was first with 92,170, followed by Georgia (78,938) and Florida (75,981). Canadian affiliates provided 120,425 jobs, followed by the United Kingdom (116,737) and West Germany (77,143).[27] Clearly, the employment pattern throughout the region is related to the type of investment located in each state. Manufacturing is the leading sector in all Southeastern States except

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20. *See* Table 9.

21. 1974 SURVEY, *supra* note 3, at 124; 1980 SURVEY, *supra* note 1, at 74.

22. 1980 SURVEY, *supra* note 1, at 74.

23. *See* Table 9.

24. The Dutch investment in Louisiana and West Virginia is undisclosed, but is deduced to be more than $1 billion from the total for the region. *See id.*

25. *Id.* (some of the figures are taken from unpublished BEA data from the 1980 benchmark survey, available with the authors).

26. The Department of Commerce includes California in the Far West region.

27. In each case, North Carolina was the leading location. *See* Table 10.

Florida, where most investment is in real estate, and Louisiana, where most is in petroleum.[28] Manufacturing also dominates in terms of employment.[29] Retailing was a strong second in all states except Alabama, Louisiana and West Virginia. Within manufacturing, chemicals and allied products accounted for about one-third of total employment.

These employment statistics, however, may understate actual employment resulting from foreign direct investment. Government statistics on employment generated by exports report three categories: employment directly related to exports, employment in manufacturing supporting exports such as component and parts suppliers, and employment in nonmanufacturing services supporting exports.[30] If this same approach were taken with respect to foreign direct investment, employment figures would be two to three times higher. In fact, one analyst estimates the multiplier to be 3.2 per foreign firm employee.[31]

III. Exports and Imports of United States Affiliates

An examination of data from the 1980 benchmark survey[32] reveals some interesting effects on the United States balance of payments resulting from exports and imports of United States nonbank affiliates. Foreign affiliates generated a deficit of $23.6 billion.[33] Total exports shipped by affiliates were $52,199 million, with 40 percent going to the foreign parent group and 60 percent going to other foreigners. In the case of European investors, only 20 percent of affiliate exports went to the parent, while the Japanese figure was 74 percent. Total imports shipped to United States affiliates were $75,803 million, of which 62 percent came from the foreign parent group. For Europe, the figure was somewhat lower at 56 percent, while it was higher for Japan (79 percent) and Canada (83 percent).

Thus, there are clear differences in trade relationships between

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28. *See* Table 11.

29. *See* Table 12.

30. Bureau of the Census, U.S. Department of Commerce, 1981 Annual Survey of Manufacturers: Origin of Exports of Manufactured Products, (1983).

31. Schaffer, *The Economic Impact of Foreign Investment in Georgia*, in Int'l Trade Admin., *supra* note 5, at 73, 77.

32. 1980 Survey, *supra* note 1, at 104, 144, 146, 149.

33. *See* Table 13.

parent and affiliate for different investing countries. As noted, Japanese and Canadian affiliates are much more closely integrated into parent component and end-product networks than the European affiliates. This difference is further highlighted in Table 14 which shows exports and imports as a percentage of affiliate total sales. For all affiliates, exports were 12.6 percent of sales and imports were 18.4 percent of sales. Again, there are marked differences between European and Japanese affiliates, with the Japanese exporting 22.7 percent and importing 32.8 percent of sales, compared to 9 percent and 12.8 percent for the European affiliates, respectively. Notably, more than 70 percent of affiliate exports and imports are in wholesaling rather than manufacturing.[34] In manufacturing, Japanese affiliates had an export *surplus* of $119 million out of a two-way trade of $1,403 million, while there was a deficit of $8,627 million in wholesaling. Since 95 percent of Japanese affiliate exports in wholesaling consisted of products from other non-affiliate sources, the data raise questions concerning the role of Japanese trading company affiliates in United States foreign trade.

IV. Affiliate Linkage to Suppliers and End-Users

There is a need to examine further external economic effects associated with foreign direct investment in a particular region. Such a study should trace the original investment of one period to additional investments of subsequent periods. Increased investment from one period to another is commonly referred to as the multiplier effect. An in-depth calculation of the multiplier can be conducted at city, state or regional level. Indeed, some analysis has been done of this effect for Georgia using 1977 data.[35] However, there are less quantitative, though equally important, effects which also can be examined.

Albert O. Hirschman defines a relationship known as the "linkage effect" in his *The Strategy of Economic Development*.[36] This process begins when a foreign manufacturer enters a domestic market and begins production. Assuming that entry into this market results from previous demand, a manufacturer can survive only by selling his goods; any manufacturer incapable of doing so

34. *See* Table 15.

35. *See* Schaffer, *supra* note 31, at 61-78.

36. A. Hirschman, The Strategy of Economic Development 99 (1958). Chapter 6 discusses interdependence and industrialization. *Id.* at 98-119.

will soon exit the competitive marketplace. Furthermore, Hirschman contends that "important stimuli result nevertheless from the fact that the setting up of an industry brings with it the *availability of a new, expanding market for its inputs* whether or not these inputs are supplied initially from abroad."[37]

Hirschman argues that two linkage effects result from this new industry. First is the "backward linkage" effect in which the inputs needed for nonprimary economic activity are supplied domestically.[38] "Forward linkage," on the other hand, may exist when any economic activity not involved in some final demand attempts to use its outputs as inputs in another activity. Hirschman then delineates two characteristics of a linkage effect to clear any confusion. One aspect is the *importance* of the effect, such as the "net output of the new industries that might be called forth," and the other is the *strength* of the effect, such as the "probability that these industries will actually come into being."[39]

Many industries are characterized by an inverse correlation between these two variables. A "satellite" industry is one in which a lesser value attaches to the *importance* of the linkage effect than to the *strength*. In many cases, the satellite, which may be a small company, opens its doors for business after the master industry is established. The satellite operates in conjunction with this new demand as part of the finished product. Such satellite industries can be established through forward or backward linkage. The typical satellite industry usually has three distinct traits: (1) strong locational advantage from proximity to the master industry; (2) it uses as principal input an output or by-product of the master industry without elaborate transformation, or its principal output is a relatively minor input of the master industry; and (3) minimum economic size smaller than that of the master industry.[40]

An interesting relationship that recently has become quite noticeable in Southeastern States is the increased linkage of master to satellite industry. Two brief case analyses illustrate this phenomenon.

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37. *Id.* (emphasis original).
38. *Id.* at 100.
39. *Id.* at 100-01.
40. *Id.* at 102.

A. Nissan Motor Manufacturing Corp., U.S.A., Smyrna, Tennessee

The most noticeable trend of master to satellite linkage is depicted in the relationship between a foreign manufacturer and its parts suppliers. Such a relationship is found in the Southeast between Nissan Motor Manufacturing Corp., U.S.A. and its various parts suppliers. Holder/Kennedy, Nissan's public relations firm in Nashville, Tennessee, states that the Nissan operation is the largest automotive facility ever built by a foreign manufacturer in the United States. The plant is located on a 782 acre site in Smyrna, Tennessee, about 15 miles southeast of Nashville. Nissan's $660 million investment represents the largest investment by a Japanese company in the United States. Truck production started in mid-1983 and the first "Sentra" passenger car was completed on March 26, 1985. Plans call for plant capacity to increase to 100,000 passenger cars and 140,000 trucks annually. Projections estimate that more than 3,000 persons will be employed by Nissan.[41]

Nissan's company objectives are to promote the Japanese just-in-time inventory method which alleviates the need for expensive warehouse facilities. Nissan judges the products of all supplier candidates by the following criteria: (1) cost must be the same as, or less than, that of the current product used; (2) quality must be as good as, or better than, the current product used; and (3) a supplier must demonstrate an ability for on-time delivery; and just-in-time, if possible.[42]

Nissan agreed to use suppliers coordinated with the production process in exchange for a guarantee of one-day delivery. The importance of flawless service from parts suppliers is obvious in a production process in which one late delivery can shut down a whole plant. Holder/Kennedy reports that a supplier has never failed to meet its delivery agreement.

Trucks manufactured at Nissan have a domestic content of between 50 and 55 percent, and parts manufacturers are of both domestic and foreign origin. To fulfill Nissan's three supplier criteria, companies such as Hoover Universal have located strategically to lower transport costs. Hoover, a truck seat manufacturer,

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41. Holder/Kennedy, Nissan Motor Manufacturing Company Plant Brochure (available with the authors).

42. *Id.*

has no problem shipping their product since the Nissan delivery acceptance dock is only five miles away. Another satellite, Topy Industries, chose to locate in Frankfort, Kentucky. Topy announced in December 1984 that it would provide automotive wheels to both Nissan in Tennessee and Honda in Ohio from its midpoint location. The bulk of the parts suppliers, however, are located within a sixty-mile range of the Smyrna plant and all were established as a result of the Nissan plant.

In keeping with the Japanese "group method" of doing business, Nissan has a strong vested interest in many of its parts suppliers. Calsonics, of Shelbyville, Tennessee, a division of Nihon Radiator Company, is located 45 miles from Smyrna. Nissan directly owns 40.8 percent of Calsonics. Another example, Clarion Corporation of America in Nashville, presently has a warehouse distribution facility and is considering a plant to manufacture its radios. Nissan is Clarion's largest stockholder, with 12.9 percent ownership. Kanto-Seiki Company, an affiliate of the Kantus Corporation, Japan, is a plastic parts manufacturer located in Lewisburg, Tennessee, 57 miles from Nissan. While no published percentage of ownership by Nissan could be found in this case, this figure is believed to be somewhere less than 50 percent, thus allowing industrial revenue bond financing.

B. Coilplus, Inc.

Another example of a satellite system is the manufacturing network being planned around Coilplus, Incorporated of Athens, Alabama, a wholly-owned subsidiary of Mitsubishi. Coilplus has built a steel processing plant which started production in March 1985. Coilplus receives 20-ton coils of steel from both foreign and domestic producers to be "slit" or "blanked." The processed steel is then shipped to another user that "stamps" the metal into a usable product. Coilplus has the latest high technology processing equipment. The company's service is much quicker and cheaper than if performed on site by a steel manufacturer or ultimate user. The company's objective is to give prompt service and meet their customers' just-in-time inventory controls.

The state of Alabama is working with Coilplus to locate a parts manufacturing network near the Athens processing plant. While plans are still being finalized, the proposed site will consist of a 92-acre complex composed of an association of independent parts manufacturers. The facility will be organized to promote economies of scale. It will also include common utility services for addi-

tional cost-sharing benefits. Eventually, the area may seek to become a manufacturers' sub-zone for customs purposes.

While this concept may be unique in the United States, Coilplus is currently operating in Japan under an identical arrangement. It will be interesting to compare the success of the Alabama project with its counterpart in Japan. Coilplus also apparently plans to locate Japanese parts suppliers in the Alabama complex. Thus, it would be useful to differentiate between the linkages of foreign manufacturers to foreign suppliers and foreign manufacturers to domestic suppliers. Also, if Coilplus succeeds in its plans to sell services to nearby Nissan, then United States steel mills may follow this pattern of location to improve their own service efficiency.

V. CONCLUSION

Direct investment in the United States by foreigners exceeded direct investment abroad by Americans for the first time in 1981. This development continued in subsequent years. The inflow of capital has clearly resulted in economic growth and added employment. Moreover, the inflow of foreign investment capital has supplemented comparatively low levels of United States savings[43] and helped increase investment in new plant and equipment—essential for future productivity growth.

The inflow can be expected to continue at high rates as long as the United States economy continues to grow. A real crisis of confidence in the dollar may prove to be a short term deterrent. A fall in the value of the dollar, however, will make investments relatively cheaper, and therefore act as a further stimulus to investment. Ultimately, two factors will continue to attract foreign direct investment into this country. First is the confidence in the United States as a "safe haven" for capital. Second is the realization by foreign multinationals that access to the United States market is an essential component of a successful global strategy.

In the past, the United States has relied on dividend, interest, royalty and fee income from investments overseas to partially offset the growing trade deficit. These incomes may be outweighed in the future by the ever increasing outflow of dividends, interest, royalties and fees to the foreign parents of United States

43. The savings rate in the United States was only 6% of GNP in 1984, compared with over 20% for Japan and 12-15% for Europe.

affiliates.

More work needs to be done on examining capital flows and the imports and exports generated by foreign owned affiliates; and whether there are significant differences between affiliates of different home country parents. Also, it is unclear what impact the increasing number of satellite parts suppliers around major investments will have on the United States trade balance, or on the overall world competitive position of United States companies. As Japanese automobile manufacturers invest in the United States and take an increasing share of the automobile market, it is likely that United States parts suppliers also will suffer. A recent *Economist* survey of the world's motor industry commented on the investment by Japanese companies in production facilities in the United States, stating:

> In the short term this is welcomed by the Americans as a way of providing new jobs but, in the longer term, the result will be to contribute to creeping colonisation, especially if Japanese component suppliers increasingly establish themselves alongside the new assembly plants.[44]

It is evident that these policy issues will need closer analysis in the future.

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44. *Another Turn of the Wheel: A Survey of the World's Motor Industry*, THE ECONOMIST, March 2, 1985, at 54.

Table 1

Selected Measures of Foreign Direct Investment in Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 1982

Country	Numbers of Employees (thousands)	Total Assets ($ millions)	Gross Book Value of Prpty, Plant & Equipment ($ millions)	Position ($ millions)
All Countries	2,435	473.0	223.3	115.7
Canada	458	91.8	57.0	10.9
Europe	1,627	259.2	136.3	77.9
France	191	33.1	15.0	5.3
Germany	351	38.0	19.9	9.5
Netherlands	223	47.9	39.0	24.6
U.K.	536	79.7	42.1	26.2
Non-EEC Europe	244	49.0	13.6	17.0
Japan	139	35.6	8.7	8.4
Afr/Pacific	69	47.0	5.9	1.2
Latin America	80	14.5	7.2	13.4
Middle East	29	17.6	7.1	8.6
OPEC	24	16.3	6.9	3.8

Source: N. Howenstine, *U.S. Affiliates of Foreign Companies: Operations in 1982,* U.S. DEPARTMENT OF COMMERCE, SURVEY OF CURRENT BUSINESS, at 33, table 8 (Dec. 1984) and R. Belli, *Foreign Direct Investment in the United States in 1983,* U.S. DEPARTMENT OF COMMERCE, SURVEY OF CURRENT BUSINESS, at 38, table 14 (Oct. 1984).

Table 2

Foreign Direct Investment Position, 1983, and Capital Inflows by Country, 1980-1983
(millions of dollars and percentages)

Country	Position, 1983		Capital Inflows 1980-1983	
	$	%	$	%
Canada	11,115	8.2	3,726	5.6
Europe	92,481	68.3	44,205	66.4
France	6,045	4.5	2,514	3.8
Germany	10,482	7.8	3,080	4.6
Netherlands	28,817	21.3	15,745	23.6
United Kingdom	32,512	24.0	16,782	25.2
Non-EEC Europe	10,264	7.6	3,853	5.8
Japan	11,145	8.2	7,335	11.0
Aust., N. Zeal., S. Afr.	945	0.7	661	1.0
Latin America	14,379	10.6	6,077	9.1
Middle East	4,435	3.3	3,728	5.6
Other	814	0.6	650	1.0
OPEC	4,058	3.0	3,654	5.0
TOTAL	135,313	100	66,602	100

Source: R. Belli, *supra* note 6, at 38-40, tables 15-19.

Table 3

Foreign Direct Investment Position, 1983, and Capital Inflows by Industry Sector, 1980-1983
(millions of dollars and percentages)

Industry	Position, 1983		Capital Inflows 1980-1983	
	$	%	$	%
Mining	1,910	1.4	−65	−0.1
Petroleum	18,458	13.6	8,464	12.7
Manufacturing	47,803	35.3	19,556	29.4
Food	7,361	5.4	4,794	7.2
Chemicals	16,101	11.9	6,370	9.6
Metals	5,424	4.0	1,491	2.2
Machinery	8,488	6.3	2,401	3.6
Other	10,429	7.7	4,499	6.8
Wholesaling	20,006	14.8	9,721	14.6
Retail Trade	5,052	3.7	2,784	4.2
Banking	8,801	6.5	5,304	8.0
Finance	2,388	1.8	1,590	2.4
Insurance	8,310	6.1	3,548	5.3
Real Estate	13,946	10.3	9,779	14.7
Other	8,639	6.4	5,922	8.9
TOTAL	135,313	100	66,602	100

Source: R. Belli, *supra* Table 1, at 38-40, tables 15-19.

Table 4

Total Assets of U.S. Affiliates by Country of Ultimate Beneficial Owner, by Industry, 1980
(millions of dollars)

	All Countries	Canada	Europe	France	Germany	Neth.	U.K.	Japan	L.America	MidEast	OPEC
All Industries	522.0	66.1	265.4	41.1	38.8	40.0	84.9	98.0	24.8	14.5	11.1
Non Banking Ind.	292.0	47.9	186.1	25.7	31.2	36.1	56.6	27.6	7.8	7.3	6.7
Mining	6.8	3.3	3.1	0.4	0.2	D	0.1	*	*	D	0
Petroleum	44.1	3.4	38.3	D	0.4	D	D	0.9	1.2	D	D
Manufacturing	81.7	13.1	60.5	9.3	17.8	6.1	14.7	3.9	2.8	0.4	0.2
Food	8.2	2.6	4.9	0.2	0.1	0.1	2.7	0.4	D	D	D
Chemicals	26.1	0.6	24.9	1.8	10.4	3.0	5.5	0.3	D	D	*
Metals	10.3	1.9	6.7	1.7	1.3	D	1.1	1.2	0.3	0.1	D
Machinery	7.7	D	4.9	0.3	1.0	D	1.7	0.5	D	D	D
Elec.	9.8	D	5.6	D	1.4	D	1.1	0.4	D	0	0
Other	19.7	4.1	13.6	5.2	3.6	D	2.6	1.1	0.2	D	D
Textiles	1.1	0.2	0.6	*	0.1	0	0.3	0.2	D	0	0
Paper	3.4	D	2.3	D	*	0	D	D	0	0	0
Transport	4.5	D	4.4	2.5	1.6	*	*	D	0	0	0
Wholesale	50.1	1.9	22.1	5.1	5.5	0.7	5.1	18.7	0.7	0.3	D
Retail	9.7	0.8	7.9	D	1.8	0.7	D	0.2	0.6	0	0
Banking	230.0	18.3	110.2	14.4	7.6	20.9	28.1	70.3	17.7	7.2	4.4
Finance	32.3	5.1	19.7	D	0.5	1.1	4.7	2.1	0.4	D	D
Insurance	36.2	9.9	21.0	0.3	2.9	3.5	9.9	0.4	D	0	0
Real Estate	19.9	7.8	7.1	0.4	1.2	2.1	1.9	0.7	1.4	1.8	1.9
Other	11.3	2.6	6.3	1.9	1.0	D	1.4	0.9	D	0.5	0.4

D: Not Disclosed
*: Less than $500,000

Source: BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE, FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, tables A-1 & B-7 (1983).

Table 5

Gross Book Value of Property, Plant and Equipment of Nonbank U.S. Affiliates by Region, 1974, 1980 and 1982
(millions of dollars)

	1974	1980	1982	Increase 1974-82	Av. Annual % Increase
New England (6)	$1,701	3,847	6,576	4,875	35.8
Mideast (6)	7,385	16,373	28,512	21,127	35.8
Great Lakes (5)	6,448	15,591	21,825	15,377	29.8
Plains (7)	2,622	6,506	10,003	7,381	35.2
Southeast (12)	10,360	30,578	54,842	44,482	53.7
Southwest (4)	5,208	17,771	36,666	31,458	75.5
Rocky Mountains (5)	1,156	3,912	10,530	9,374	101.4
Far West (4)	4,758	17,622	29,606	24,848	65.3
Alaska, Hawaii, Other	5,817	14,739	12,273(D)	6,456	13.9
TOTAL	$45,454	127,838	223,265	177,811	48.9

(D) Some data undisclosed.

Source: 1974 data - U.S. DEPARTMENT OF COMMERCE, FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, (April 1976), at 124, table J-1.
1980 data - FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, *supra* Table 4, at 74, table D-14.
1982 data - Preliminary data supplied to the Southern Center for International Studies by the Bureau of Economic Analysis, U.S. Department of Commerce

Table 6

Employment of Nonbank U.S. Affiliates by Region, 1982
(number of employees)

	1974	1980	1982	Increase 1974-82	Av. Annual % Increase
New England	61,503	122,860	145,690	84,187	17.1
Mideast	305,603	466,323	557,259	251,656	10.3
Great Lakes	206,720	368,054	405,842	199,122	12.0
Plains	43,118	103,196	112,891	69,773	20.2
Southeast	224,397	465,120	580,878	356,481	19.9
Southwest	64,703	176,979	245,689	180,986	35.0
Rocky Mountains	18,246	37,921	52,775	34,529	23.7
Far West	140,524	255,576	296,864	156,340	13.9
Alaska, Hawaii, Other	18,617	37,903	35,071	16,454	11.1
TOTAL	1,083,431	2,033,932	2,435,143	1,351,712	15.6

Source: 1974 data - FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, *supra* Table 5, at 150, table L-7.
1980 data - FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, *supra* Table 4, at 119, table F-8
1982 data - Preliminary data supplied to the Southern Center for International Studies by the Bureau of Economic Analysis, U.S. Department of Commerce.

Table 7

Gross Book Value of Property Plant and Equipment of Nonbank U.S. Affiliates by State, 1974, 1980 and 1982
(millions of dollars)

	1974	1980	1982	Increase 1974-82	Av. Annual % Increase
Alabama	645	1,851	3,064	2,419	46.9
Arkansas	163	415	829	666	51.1
Florida	904	4,432	7,486	6,582	91.0
Georgia	639	3,359	5,197	4,558	89.2
Kentucky	427	1,196	2,379	1,952	57.1
Louisiana	2,616	6,188	9,165	6,549	31.3
Mississippi	330	975	1,732	1,402	53.1
North Carolina	1,297	2,746	6,143	4,846	46.7
South Carolina	1,437	3,869	5,729	4,292	37.3
Tennessee	736	2,208	4,504	3,768	64.0
Virginia	637	1,423	3,574	2,937	57.6
West Virginia	528	1,915	5,040	4,512	106.8
TOTAL SOUTHEAST	10,360	30,578	54,842	44,482	53.7

SOURCE: *See supra* Table 5.

Table 8

Employment of Nonbank U.S. Affiliates by State, 1974, 1980 and 1982
(number of employees)

	1974	1980	1982	Increase 1974-82	Av. Annual % Increase
Alabama	11,519	22,698	27,247	15,728	17.1
Arkansas	10,565	4,780	17,348	6,783	8.0
Florida	25,326	65,923	75,981	50,655	25.0
Georgia	22,200	67,410	78,938	56,738	31.9
Kentucky	13,627	23,203	25,011	11,384	10.4
Louisiana	19,102	39,556	45,884	26,782	17.5
Mississippi	4,765	9,542	12,935	8,170	21.4
North Carolina	41,736	67,522	92,170	50,434	15.1
South Carolina	23,318	54,239	60,914	37,596	20.2
Tennessee	21,713	54,063	58,709	36,996	21.3
Virginia	21,107	37,206	52,240	31,133	18.4
West Virginia	9,419	18,978	35,501	26,082	34.6
TOTAL	224,397	465,120	580,878	356,481	19.9

SOURCE: *See supra* Table 6.

Table 9

Gross Book Value of Property, Plant and Equipment of Nonbank U.S. Affiliates by State by Country of Ultimate Beneficial Owner, 1982
(millions of dollars)

	AL	AR	FL	GA	KY	LA	MS	NC	SC	TN	VA	WV	SOUTHEAST TOTAL
ALL COUNTRIES	3,064	829	7,486	5,197	2,379	9,165	1,732	6,143	5,729	4,504	3,574	5,040	54,842
CANADA	563	237	1,535	872	D	2,032	501	1,397	D	1,407	1,502	1,877	13,533
EUROPE	2,252	482	4,244	3,324	1,485	6,062	1,129	4,415	4,030	2,279	1,833	3,026	34,560
FRANCE	361	74	972	249	129	215	64	D	903	127	224	D	4,791
GERMANY	320	73	1,146	505	356	881	232	495	979	240	501	783	6,709
NETHERL.	856	92	416	1,166	327	D	515	506	673	556	300	D	9,354
U.K.	398	D	816	1,025	308	606	116	1,301	1,084	654	509	D	7,579
SWITZ.	277	65	331	147	76	608	145	163	326	272	115	10	2,536
JAPAN	D	45	134	216	21	D	12	118	D	582	32	D	1,803
AFR/PACIF.	65	20D	354	321	4D	D	5	69D	12	107D	57D	D	1,244
LATIN AM.	20	28	875	107	24	375	51	34	48	64	69	59	1,752
M. EAST	D	17	263	295	54	D	30	45	189	33	68	D	1,600
OPEC	D	20	570	244	32	D	6	57	192	23	58	D	1,811

D: Not Disclosed
SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce

Table 10

Employment of Nonbank U.S. Affiliates by State by Country of Ultimate Beneficial Owner, 1982
(number of employees)

	AL	AR	FL	GA	KY	LA	MS	NC	SC	TN	VA	WV	SOUTHEAST TOTAL
ALL COUNTRIES	27,247	17,348	75,981	78,938	25,011	45,884	12,935	92,170	60,914	58,709	52,240	33,501	580,878
CANADA	3,291	3,081	10,601	13,374	6,714	8,812	3,293	18,671	8,406	12,431	14,599	17,152	120,425
EUROPE	20,289	11,293	55,698	52,931	15,087	32,674	8,107	66,488	44,628	38,710	34,461	13,964	394,330
FRANCE	3,613	2,467	8,827	6,813	1,966	1,709	1,321	6,458	8,080	4,061	4,572	679	50,566
GERMANY	2,248	997	9,778	8,609	3,565	8,143	1,274	14,696	10,885	3,956	8,811	4,181	77,143
NETHER.	5,194	2,997	4,553	8,694	2,493	10,605	1,172	8,831	9,739	12,404	2,149	3,282	72,113
U.K.	6,622	4,008	19,631	17,448	4,666	7,348	2,555	20,165	8,455	9,313	12,38[illegible]	4,141	116,737
SWITZ.	1,987	481	6,449	3,458	1,024	2,038	1,141	5,225	3,829	6,329	2,654	276	34,891
JAPAN	D	D	2,594	5,138	832	233	614	2,410	2,365	3,867	1,120	31	23,826
AFR/PACIF.	940	231	1,477	3,145	271D	D	D	2,220D	334	980	756D	D	11,193
LATIN AM.	D	256	3,889	1,183	939	2,791	D	278	D	1,449	697	2,106	15,990
M. EAST	D	D	433	1,702	392	1,117	303	366	D	465	D	D	5,520
OPEC	D	22	1,674	D	312	D	D	442	D	375	23	D	5,716

D: Not Disclosed

SOURCE: N. Howenstine, SURVEY OF CURRENT BUSINESS, *supra* Table 1, at 40, table 15.

Table 11

Gross Book Value of Property, Plant and Equipment of Nonbank U.S. Affiliates by State by Industry, 1982
(millions of dollars)

	AL	AR	FL	GA	KY	LA	MS	NC	SC	TN	VA	WV	TOTAL
ALL INDUSTRIES	3,064	829	7,486	5,197	2,379	9,165	1,732	6,143	5,729	4,504	3,574	5,040	54,842
MINING	D	8	D	54	935	65	48	D	D	D	308	1,917	5,245
PETROLEUM	318	102	D	93	101	4,124	596	75	27	83	57	D	6,351
MFG	1,752	396	2,059	2,658	782	3,464	773	3,267	3,895	3,473	2,031	1,973	26,524
FOOD	D	D	163	134	85	72	26	95	D	48	40	1	824
CHEMS	632	144	1,070	693	367	2,511	D	2,125	2,347	1,749	1,592	D	15,537
METALS	59	69	115	483	120	D	38	130	523	705	48	D	2,976
MACHINERY	97	62	260	167	95	149	45	270	145	304	136	14	1,744
OTHER	D	D	448	1,180	115	D	D	647	D	664	216	45	5,445
WHOLESALE	751	120	296	147	119	401	145	520	933	546	209	449	4,636
RETAIL	22	D	450	597	134	211	27	342	127	84	237	D	2,296
FINANCE & INSURANCE	16	9	127	116	5	17	14	D	D	14	27	1	387
REAL ESTATE	84	63	3,452	1,181	167	339	64	356	329	182	591	3	6,811
OTHER	D	D	564	352	134	544	65	D	375	D	114	D	1,591

D: Not Disclosed
SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce

Table 12

Employment of Nonbank U.S. Affiliates by State by Industry, 1982
(number of employees)

	AL	AR	FL	GA	KY	LA	MS	NC	SC	TN	VA	WV	TOTAL
ALL INDUSTRIES	27,247	17,348	75,981	78,938	25,011	45,884	12,935	92,170	60,914	58,709	52,240	33,501	580,878
MINING	D	D	201	364	1,239	140	143	D	D	D	2,521	7,316	18,241
PETROLEUM	599	97	757	532	527	10,484	579	165	152	549	D	D	16,351
MFG	16,677	11,944	30,292	39,437	11,711	14,856	7,075	52,507	36,439	42,457	26,535	16,800	306,730
FOOD	D	D	3,304	4,985	2,550	1,851	1,221	3,196	2,203	1,554	2,507	123	27,186
CHEMS	D	2,546	6,500	7,793	3,669	7,908	1,991	20,670	16,212	14,916	13,633	D	113,912
METALS	656	890	2,183	6,335	1,003	1,505	767	2,931	2,656	7,183	1,404	976	28,492
MACHINERY	1,852	2,973	10,530	5,925	2,068	1,906	1,479	10,030	5,064	11,213	4,067	167	57,274
OTHER	7,982	D	7,775	14,396	2,421	1,686	1,617	15,680	10,304	7,591	4,924	D	79,866
WHOLESALE	6,527	1,747	6,308	6,309	1,745	1,751	1,851	9,128	9,398	5,622	6,213	4,002	60,601
RETAIL	1,721	2,195	22,069	16,759	4,443	9,597	1,625	20,525	9,682	5,662	12,538	3,741	110,557
FINANCE & INSURANCE	D	D	2,293	6,054	D	1,097D	466D	603D	D	1,052D	643D	71D	16,080
REAL ESTATE	689D	471D	3,046	802	260	D	10	485	D	108	371	0	6,323
OTHER	909	773	11,015	8,681	1,792	6,125	D	3,468	5,900	2,166	3,020	D	45,995

D: Not Disclosed
SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce

Table 13

Exports and Imports of U.S. Nonbank Affiliates Region or Country of Ultimate Beneficial Owner by Transactor, 1980
(millions of dollars and percentages)

		Exports Shipped by Affiliates			Imports Shipped to Affiliates		
		Total	To the Foreign Parent Group	To Other Foreigners	Total	By the Foreign Parent Group	By Other Foreigners
TOTAL	$	52,199	20,983	31,216	75,803	74,010	28,793
	%	100	40	60	100	62	38
Canada	$	1,792	953	840	5,553	4,599	954
	%	100	53	47	100	83	17
Europe	$	23,345	4,591	18,754	33,274	18,776	14,499
	%	100	20	80	100	56	44
Japan	$	19,136	14,167	4,969	27,653	21,920	5,733
	%	100	74	26	100	79	21
Latin America	$	1,241	446	776	1,196	395	800
	%	100	37	63	100%	33	67

SOURCE: FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, *supra* Table 4, at 144, table G-4.

Table 14

Exports and Imports by U.S. Nonbank Affiliates as a Percentage of Affiliate Sales by Region or Country, 1980
(millions of dollars and percentages)

	Affiliate Sales	Export % of Sales	Import % of Sales
Total	$412,705	12.6	18.4
Canada	35,456	5.1	15.7
Europe	259,414	9.0	12.8
Japan	84,207	22.7	32.8
Latin America	8,153	15.2	14.7

SOURCE: FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, *supra* Table 4, at 104, table E-6 and at 144, table G-4.

Table 15

Exports and Imports by U.S. Nonbank Affiliates by Sector and Region or Country, 1980
(millions of dollars and percentages)

		Exports			Imports		
		All Sectors	Mfg.	Wholesaling	All Sectors	Mfg.	Wholesaling
TOTAL	$	52,199	9,045	40,662	75,803	10,413	54,016
	%	100	17.3	77.8	100	13.7	71.0
Canada	$	1,792	995	376	5,553	2,809	2,059
	%	100	55.5	21	100	50.6	37.1
Europe	$	23,345	6,399	15,167	33,274	6,516	16,627
	%	100	35	65	100	19.6	50
Japan	$	19,136	761	18,270	27,653	642	26,897
	%	100	4.0	95.5	100	2.3	97.3
Latin Am.	$	1,241	661	551	1,196	216	870
	%	100	53.3	44.4	100	18.1	72.7

SOURCE: FOREIGN DIRECT INVESTMENT IN THE UNITED STATES, 1980, *supra* Table 4, at 146, table G-6, and at 149, table G-9.