

The Facts About U.S. Manufacturing Investment Abroad

Fact: U.S. manufacturing investment abroad does not outsource or destroy U.S. jobs

U.S. multinational corporations (MNCs) employed 22.4 million Americans at home in 2008

- Nearly 12 million Americans were employed directly in manufacturing
 - 7.1 million Americans worked for MNCs
- The average U.S. manufacturing worker earned \$74,447 vs. \$63,507 for the average non-manufacturing worker
- MNC affiliates employed 5.4 million manufacturing workers overseas
 - Nearly half (2.4 million) worked in high-wage Europe and Canada
 - Only 10 percent (549,000) were in China—less than in Germany plus France
 - For every U.S. manufacturing worker in China, there were five in high-wage Canada/Europe
- From 2000-2008, manufacturing jobs at MNC affiliates increased by only 314,000
 - This is barely 6 percent growth in eight years; one-third was in Europe
- MNCs with operations in many countries had higher labor productivity than those with operations in only a few countries
 - U.S. parents with affiliates in 10 or more countries had an average value added per employee of \$154,000 compared with an average of \$100,000 for parents with affiliates in a single country

Fact: Companies invest abroad to serve the local market

U.S. foreign affiliates:

- Sold \$2.7 trillion in manufactured goods in foreign markets in 2008
 - 90 percent of sales were to local markets or other countries, not to export back to the U.S.
- Earned \$164 billion in net income for their parents in 2008

Fact: Companies invest abroad to seek a skilled workforce, not cheap labor

MNCs operate mostly in high-income, high-wage countries:

- U.S. manufacturing foreign direct investment (FDI) stood at \$541 billion in 2009; 72 percent by value was in developed countries
- U.S. manufacturing investment in China was only 4 percent of total FDI
- 75 percent of value added of all affiliates was in high-wage countries
- U.S. manufacturing FDI averaged \$42 billion a year since 1999
- U.S. manufacturers only invested on average \$1.6 billion a year in China since 1999
 - The same as they invested in *Belgium*
 - During the same time, investment in Canada and England averaged three times as much
 - FDI in Mexico was 10 percent of the total in 1994 but only 4.5 percent in 2009

Fact: MNCs remain committed to producing in the United States and are investing in the future

U.S. manufacturing shipments totaled \$5.5 trillion in 2008, up 30 percent from 2000

MNCs sales accounted for about 75 percent of the total for manufacturing

- MNC operations are concentrated in the U.S.: foreign affiliates accounted for less than half of their manufacturing value added
- MNCs research and development expenditures in the U.S. in 2008 were \$236 billion
 - 77 percent (\$183 billion) was in manufacturing

Fact: America continues to lead the world in manufacturing

- The United States produced 19 percent of the worldwide value-added manufacturing output in 2008
- Approximately 22 percent of all U.S. manufactured products is exported
 - The United States is the world's third-largest exporter of goods

Fact: MNCs overseas investments are not the cause of the trade deficit

MNCs exported \$507 billion in manufactured goods from the U.S. in 2008

- Affiliates are a manufacturing export magnet, taking nearly half (\$240 billion) of the total exports
- Manufactured goods exports produced by MNCs were 55 percent of total manufactured goods exports
- Total manufactured goods imports by MNCs were \$579 billion, \$297 billion from their affiliates
 - Manufactured goods imports from affiliates accounted for
 - * only a quarter of total manufactured goods imports
 - * 14 percent of total imports, concentrated in petroleum/coal, motor vehicles and computers and electronics
- Manufactured goods trade accounted for only \$72 billion of the \$698 billion trade deficit in 2008
 - Excluding petroleum and coal products, MNCs actually produced a trade surplus of \$106 billion in 2008