

## **The Effect of Fixed Investment by U.S. Affiliates Abroad on U.S. Exports of Capital Equipment**

It has long been something of an enigma, but U.S. exports of capital equipment to foreign affiliates has always been very small percentage of the overall capital expenditures of these affiliates. Thus, changes in these capital expenditures are unlikely to have a significant impact on U.S. capital goods exports.

Data are only available for Census Years, and for majority-owned affiliates (covering about 75% of all affiliate P&E). The grand total for the most recent Census year, 1994, for all industries, was \$71.4 billion of capital expenditures and \$3.2 billion of U.S. exports of capital equipment shipped, from all U.S. sources, to these affiliates; thus, imports accounted for 4.5% of the capital expenditures of majority-owned nonbank affiliates. The 1994 Census did not tabulate exports of capital equipment for sub-industries; however the 1989 Census did. For manufacturing the percentage was 4.2% (in a year when the overall percentage was 4.1%, just slightly lower than the percentage for 1994). Petroleum came in at 5.1% for 1989. Within manufacturing the 1989 ratios seem to conform to intuition: by far the highest ratio is transportation equipment with 11%; next was primary and fabricated metals at 5.4%; thereafter, the ratios for other manufacturing industries fell below the manufacturing average.