EXPORTS AND FOREIGN INVESTMENT
IN MANUFACTURING INDUSTRIES

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March 1976

Preliminary; Not for Quotation

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Introduction

One of the main purposes of our studies of U.S.-based multinational

firms has been to examine the relationship between direct investment by

U.S. firms and the export trade of the United States, a subject of bitter

controversy for at least the last fifteen years. Changes over time in

trade flows and trade balances are influenced by trends in productivity

in the United States and elsewhere and by shifts in monetary and fiscal

policy, all of which are reflected in price and income changes, the

effects of which on trade probably swamp any that might stem from changes

in the level of direct investment. One way to disentangle some of these

influences might be to disaggregate by country, industry, and even better,

by firm. However, we have not yet developed enough disaggregated time

series data for this purpose and have therefore chosen to work with cross-

sections by country and industry and, in some cases, by firm. In an

earlier paper (Lipsey and Weiss [1976]) we examined the pharmaceutical

industry in some detail, using several types of disaggregation, and here

we apply some of the same methods to manufacturing in general, disaggregated into 14 broad industries that cover most of the sector.

The methods and data used were described in some detail and explained in the earlier paper, and need not be repeated here. We can summarize them by saying that we examine exports to a cross-section of 44 foreign destinations in 1970 by the United States and by 13 other major exporting countries. We relate these exports to characteristics of the countries and to investment in them. The characteristics are their size (measured by their Gross Domestic Product, converted to dollars by exchange rates, or by their total imports of manufactures), their membership in the European Economic Community, and their distance from the United States and from Germany (representing distance from most of the other major exporters). The investment variables are various measures of the size or output of U.S.-owned manufacturing and non-manufacturing affiliates and of the number of foreign-owned manufacturing affiliates in each country. The measures for U.S.-owned affiliates include net fixed assets, net sales (total sales less imports from the United States), and net local sales (net sales within the host country). In effect we have taken the elements of a fairly crude standard trade model (country size, distance, and membership in a trade bloc) and added to that some variables describing direct investment by the United States and other countries, to ask whether the latter have any impact on trade beyond that of the country characteristics.

The basic assumption implied by this analysis is that the answer to the question "What would have happened if U.S. or foreign companies had not invested in a country or had invested less?" is provided by

trade with those countries in which U.S. or foreign firms did not invest, or invested less than in others. The danger in this assumption is obvious: that there are factors which simultaneously affect investment and trade, giving a spurious appearance of a relationship between them. Such spurious relationships could work in the direction of showing that investment either increases or decreases trade. Size of host country, if it were omitted, would work in the former direction of suggesting complementarity between investment and trade, while membership in a trade bloc by a host country would work in the opposite direction, suggesting substitution, and it is for this reason that we have included these country characteristic variables. We suspect that the most important missing variable is host-country trade policy, such as high tariffs or exchange controls that discourage imports and thereby encourage the establishment of affiliates to serve the host-country market. Such a policy would, in comparisons among countries, give the appearance of substitution between investing and exporting when the individual firm could not, in fact, export to a particular country even if it did not invest in it. If that is the major omission from our independent variables our results are biased toward showing substitution between investment and trade.

What we are assuming here is that goals other than the promotion or replacement of exports are the main considerations in investment decisions. In particular, the firm's profitability is related to the costs of and returns from holding or increasing market shares. Decisions about where and how much to invest depend on such factors as the stability of host-country governments and the size and growth of markets within host countries. Trade considerations are secondary, but trade is

then strongly affected by these investment decisions in ways we can measure after taking account of the other markets within host countries.

The data used are described more fully in the earlier paper on the pharmaceutical industry. The market size variables are GDP, from the United Nations Yearbook of National Accounts Statistics, and imports of manufactures by each country, which we measure by exports of manufactures (SITC 5 through 8) by fourteen major exporting countries.[1] The latter are from a United Nations world trade tape prepared

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[1] United States, United Kingdom, Germany, France, Belgium and Luxemburg (taken as one), Netherlands, Italy, Denmark, Norway, Sweden, Switzerland, Austria, and Japan.

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for the U.S. Department of Commerce, which was also the source of our dependent variables for exports by the United States and exports of 13 other countries. We consolidated the approximately 200 destinations on the original tape to 44, omitting Canada because we thought it would be an outlier in developed country equations and certain Caribbean destinations because, at least in some industries, the bulk of exports to them was destined for other countries. We also consolidated the 4-digit export data into the 14 industries for which enough observations were available in the U.S. Commerce Department's foreign investment survey.

Measures of U.S.-owned affiliates' sales and assets were compiled within the Bureau of Economic Analysis of the Department of Commerce from the data underlying their Special Survey of U.S. Multinational Companies, 1970 (1973), and numbers of foreign-owned manufacturing affiliates were calculated from Vaupel and Curhan [1973].

Distances from the United States and Germany to each destination were the shortest distances between main ports, as given in Marine Distance and Speed Tables (New York: Edward W. Sweetman Co., 1965), and Table of Distances Between Ports (U.S. Navy Dept., Hydrographic Office, 1943).

The EEC variable refers to the six-member EEC, before enlargement.

The Impact of U.S. Manufacturing Affiliates

We estimate the impact of U.S. and foreign affiliates on trade flows from multiple regression equations relating U.S. and 13-country exports, as dependent variables, to market size, host-country membership in the EEC, and various measures of U.S. and foreign affiliate activity. The full equations are given in the Appendix tables. Each text table lists only the coefficients for the particular variable under discussion. Those in Tables 1 and 3, for example, come from the same equations in the Appendix.

As has been pointed out in our earlier papers and many others there is little a priori basis for expecting any universal direction of effect of U.S. manufacturing affiliate activity on U.S. exports, since both positive and negative influences are plausible.[2] However,

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Lipsey and Weiss [1969], [1976], Hufbauer and Adler [1968].

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we find (Table 1) only positive coefficients among the statistically significant ones for 14 industries' exports to both developed and less developed countries. Thus, if there is any tendency for overseas production to substitute for exports from the United States, it appears from these equations to be offset by influences that tend to increase U.S. exports.

The significant coefficients are somewhat higher among metals and machinery groups than in other industries and distinctly higher among less developed countries than among developed ones. There is nothing in these data to show whether what appear to be induced exports are mainly components for foreign assembly or processing or are other finished products, the export of which is assisted by the presence of U.S. affiliates. Although the former group is larger among U.S. exports to affiliates, as can be seen in Table 2, it is small compared with total exports by parent companies and, of course, still smaller relative to total U.S. exports.

TABLE 1

Coefficients for U.S. Manufacturing Affiliate Net Sales or Net Local Sales
in Equations for U.S. and 13-Country Exports by Industry, 1970

	Developed Countries				Less Developed Countries			
	U.S. Exports	13-Country Exports	Market Size Measure	Affiliate Activity Measure	U.S. Exports	13-Country Exports	Market Size Measure	Affiliate Activity Measure
Industry								
431	.0163 (2.30)	-.2312 (3.35)	EXP	NLS	.0288 (2.32)	-.1176 (5.15)	EXP	NLS
432	.0072 (.15)	-.0676 (.54)	GDP	NS	.1033 (3.19)	.2891 (2.15)	EXP	NLS
433	.0937 (4.69)	-.0714 (1.27)	EXP	NS	.2741 (3.53)	-.0243 (.23)	EXP	NLS
440	.0305 (3.77)	-.0926 (.51)	EXP	NLS	.0015 (.06)	-.4677 (4.76)	EXP	NLS
450	.1971 (2.45)	2.350[a] (2.09)	GDP	NS	.7954 (4.14)	-1.658 (4.87)	EXP	NLS
461	.8275 (8.60)	-.5496 (1.08)	EXP	NLS	.6352 (1.99)	.0597 (.23)	EXP	NS
463	.2108 (2.58)	.2380 (3.22)	GDP	NLS				
471	.1196 (2.10)	-.0884 (.35)	GDP	NS	.6695 (3.79)	-.5496 (3.16)	EXP	NLS
473	.0632 (2.18)	.1878[b] (1.55)	GDP	NS	.2093 (.58)	.0527 (.15)	EXP	NS
481	.0284 (2.46)	-.0052 (.11)	EXP	NLS	.1599 (2.60)	-.6918 (3.09)	EXP	NS
482	-.5466 (1.27)	-1.154 (.45)	GDP	NS				
491	.0600 (.54)	-2.803[c] (1.92)	EXP	NLS	———— NA ————			
495	.0379 (2.04)	1.105[d] (3.61)	GDP	NLS	.2274 (3.19)	-.4079 (2.89)	EXP	NNLS
496	-.0129 (.12)	-.2975 (2.32)	EXP	NS	.7032 (5.11)	.6461 (.26)	EXP	NS

NOTES TO TABLE 1

a/ .7033 in the best equation for 13-country exports.
    (.98)

b/ -.3094 in the best equation for 13-country exports.
    (1.93)

c/ -3.819 in the best equation for 13-country exports
    (2.03)

d/ -.1583 in the best equation for 13-country exports
    (.59)

EXP = 14 country exports of all manufactures.

GDP = GDP translated into dollars by exchange rates.

NS = Net sales.

NLS = Net local sales.

Figures in parentheses are t-values.

In choosing equations for Table 1 we had to pick between those using GDP and those using 14-country exports of manufactures as host (and export destination) country size variables and between those using net sales and those using net local sales as the affiliate activity variables. We do not show the coefficients from equations using fixed assets as the affiliate activity measure, even where they are the best, because fixed assets are an inappropriate measure for nonmanufacturing affiliates.

The equation with the highest $\bar{R}^2$ was chosen in each case, subject to the condition that for any industry the same variables were used for U.S. and 13-country equations. Where different variables were best for U.S. and 13-country exports we chose the one for which the margin of superiority was greater. Where there was no clear choice on that ground we chose the equation that was better for U.S. exports.

Industry code
   431 Drugs
   432 Soaps, detergents, and cleaning preparations, perfumes, cosmetics
   433 Other chemicals and allied products (433-439)
   440 Rubber and plastic products (440-449)
   450 Primary and fabricated metals (450-459)
   461 Other non-electrical machinery (462, 465-469)
   463 Office machinery and computers (463-464)
   471 Household appliances and electrical apparatus (471-472)

NOTES TO TABLE 1 (concl.)

Industry Code (concl.)
    473 Radio and TV equipment and electronic components (473-474)
    481 Automobiles and trucks
    482 Other transportation equipment (482-489)
    491 Textiles and apparel
    495 Stone, clay, glass, and concrete products
    496 Professional, scientific, and controlling instruments

TABLE 2

U.S. Exports to Foreign Affiliates and Parent Exports to Unaffiliated Foreigners, by Major Industry, 1966

	By Industry of Reporter (Parent)			By Industry of Affiliate		
	Total U.S. exports to majority-owned affiliates and U.S. parent exports to unaffiliated foreigners	Parent exports to unaffiliated foreigners	U.S. exports to majority-owned affiliates	U.S. Exports to Majority-Owned Affiliates		
				Total	For further processing or assembly	For resale
Developed countries, except Canada						
Total manufacturing	5,357	3,170	2,086	1,715	825	685
Food products	389	212	177	135	119	11
Chemicals and allied products	883	484	399	356	135	179
Primary and fabricated metals	401	280	120	93	NA	24
Machinery	1,768	964	804	622	297	248
Transportation equipment	1,002	768	235	200	71	95
Other manufacturing	913	463	451	310	NA	130
Less developed countries						
Total manufacturing	3,768	2,729	1,039	754	467	153
Food products	218	147	71	62	48	2
Chemicals and allied products	605	NA	NA	191	102	58
Primary and fabricated metals	531	369	162	52	NA	1
Machinery	1,106	947	158	127	66	44
Transportation equipment	848	NA	NA	200	149	38
Other manufacturing	460	288	171	121	NA	11

Source: U.S. Direct Investment Abroad, 1966: Final Data, U.S. Department of Commerce, Bureau of Economic Analysis, 1975, pp. 84-94.

The highest coefficients are for metals and machinery. For machinery at least it would be reasonable to expect that foreign production would promote the export to the host country of both components for assembly and related products of the same company, since a strong commitment to a market by a seller is often a major consideration for a purchaser.

It would seem reasonable for production by U.S.-owned affiliates to compete with exports by foreign rivals, especially in less developed countries' markets where competition from native firms is not so important. The coefficients in Table 1 for 13-country exports to less developed countries bear out this expectation. All of them that are statistically significant are negative and substantial: a dollar of net sales in a market by U.S.-owned manufacturing affiliates is calculated to displace amounts of 13-country exports ranging from 12 cents to $1.66 of exports by the other 13 countries.[3] In every industry but

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[3] It should be mentioned here that a dollar in net sales (total sales minus imports by the affiliate from the United States) could represent considerably more in gross sales.

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one, where the coefficients for U.S. exports and 13-country exports were statistically significant, that for the 13-country exports was larger. In other words, sales by U.S.-owned manufacturing facilities cut exports by foreign countries by more than they added to U.S. exports.

The results for developed countries are equivocal. Of the five coefficients with t-values greater than 2, three are positive,

instead of negative as we expected. Among those with t-values
over 1, four out of nine are positive. In several cases the positive
coefficient reflects the fact that in selecting the equations for
Table 1 we did not necessarily pick the best equation for each depen-
dent variable, because we wanted the same equation for 13-country exports
as for U.S. exports. If we had used the best equation for 13-country
exports for industry 450, for example, the coefficient for U.S. manufac-
turing sales would not have been statistically significant. In the
case of industry 473 the best equation for 13-country exports showed
the expected negative coefficient, almost significant at the 5 per cent
level, while for industry 495 the coefficient in the best equation was
negative but not statistically significant. Taking the best equation
for 13-country exports in each industry we would find a predominance of
the expected negative relationships. However, that result is sensitive
to particular choices about independent variables.

One industry, office machinery, retains a positive coefficient no
matter what equation is used, and that fact casts some doubt on the
reasoning behind our assumption about the direction of the relationship.
The basis for the expectation that production by U.S.-owned affiliates
will reduce exports by countries other than the United States is that
we associate these foreign exports with rivals of U.S. firms. If,
however, production in other countries is itself largely controlled by
U.S. parents, as is true particularly in the office machinery industry
and also in industry 474, electronic components (not shown separately
but included with industry 473, radio and TV equipment), it would not
be surprising to find that production in a country by U.S.-owned

affiliates increases exports by foreign countries in which the same U.S. parents have other affiliates. Such a result would be in consonance with much that has been said about IBM's procurement practices, for example.

In general, then, while we do find a predominance of negative relations between U.S. affiliates' output and exports by countries other than the United States, there are some positive relations and we can suggest a reasonable basis for their existence. On the other hand, production in a country by U.S.-owned affiliates does clearly appear to increase U.S. exports to that country.

The Impact of U.S. Nonmanufacturing Affiliates

The presence and activity of U.S. nonmanufacturing affiliates should, presumably, be unequivocally favorable to exporting from the United States and, if anything, unfavorable to exporting by other countries except where the exporters in other countries are themselves U.S.-owned firms. The results for U.S. exports do mildly support this expectation, since almost all the coefficients that are statistically significant at the 5 per cent level are positive (Table 3). However, not many are significant, even though some are quite large. The coefficients for 13-country exports, however, are a very mixed bag, with the statistically significant ones split between positive and negative and the others more positive than negative. If we had used the best 13-country equations the non-significant coefficients would also have been about evenly split.

We are therefore unable to draw any general conclusions about the influence of U.S. nonmanufacturing affiliates on exports of countries other than the United States. Even for U.S. exports there is the possibility to be considered that the positive association exists not because these affiliates promote exports but because countries that follow trade policies that encourage imports will thus be encouraging the formation of sales affiliates. That interpretation would also fit with the presence of a number of positive relationships between U.S. nonmanufacturing affiliates and 13-country exports.

TABLE 3

Coefficients for U.S. Nonmanufacturing Affiliate Net Sales or Net Local Sales
in Equations for U.S. and 13-Country Exports by Industry, 1970

	Developed Countries				Less Developed Countries			
	U.S. exports	13-Country exports	Market size measure	Affiliate activity measure	U.S. exports	13-Country exports	Market size measure	Affiliate activity measure
Industry								
431	.0312 (1.36)	.2700 (1.21)	EXP	NLS	.0225 (.09)	-.1843 (.40)	EXP	NLS
432	1.145 (1.81)	2.525 (1.54)	GDP	NS	3.5219 (4.41)	-2.197 (.66)	EXP	NLS
433	.0086 (.25)	.0885 (.92)	EXP	NS	.0604 (.14)	-.3683 (.62)	EXP	NLS
440	.0019 (.03)	1.907 (1.33)	EXP	NLS	.4937 (4.13)	-1.3278 (2.64)	EXP	NLS
450	-.0658 (.65)	-1.435 (1.01)	GDP	NS	.2462 (1.46)	.4216 (1.41)	EXP	NLS
461	.3495 (.17)	-1.885 (1.00)	EXP	NLS	.1326 (.33)	-.6156 (1.62)	EXP	NS
463	1.650 (5.59)	.5390 (4.39)	GDP	NLS				
471	.0933 (.91)	.7658[a] (1.68)	GDP	NS	-.5509 (.52)	-.3130 (.30)	EXP	NLS
473	.5060 (3.00)	2.287[b] (3.24)	GDP	NS	.0072 (.02)	.0792 (.22)	EXP	NS
481	.1131 (1.77)	.4915 (1.81)	EXP	NLS	-.8249 (.42)	-.4898 (.07)	EXP	NS
482	.7167 (1.12)	7.062[c] (1.83)	GDP	NS				
491	-.7239 (.81)	-31.92 (2.11)	EXP	NLS	NA			
495	1.008 (3.68)	.4437[d] (.98)	GDP	NLS	-2.8981 (2.40)	2.9551 (1.74)	EXP	NLS
496	.1406 (1.69)	.1266 (1.26)	EXP	NS	.7032 (5.11)	.0253 (.02)	EXP	NS

NOTES TO TABLE 3

a/   .1997 in the best equation for 13-country exports.
     (.59)

b/   -.5029 in the best equation for 13-country exports.
     (.54)

c/   2.648 in the best equation for 13-country exports.
     (.75)

d/   -5.007 in the best equation for 13-country exports
     (1.54)

For definitions and notes see Table 1.

Foreign-Owned manufacturing affiliates

In interpreting the positive relationship between U.S. manufac-
turing activity and U.S. exports as stemming from a causal relationship
we were encouraged by the existence of a generally negative relationship
between U.S. manufacturing activity and foreign countries' exports to a
country, since it reinforced the notion that we were observing the
effects of rivalry among producing and exporting companies, rather than
simply effects of omitted country characteristics. It would be further
confirmation of this picture of the world if we would find a corresponding
influence of foreign-owned manufacturing enterprises in a host country:
positive for foreign countries exports and negative for U.S. exports to
it. Unfortunately we do not have the same type of quantitative informa-
tion on foreign-owned manufacturing activity that we have on U.S.-owned
manufacturing; we must make do with data on the numbers of foreign-owned
manufacturing affiliates in each country. However, our pharmaceutical
data, in which we had numbers, size, and activity for U.S. affiliates,
indicated that there is a high correlation between numbers and activity
measures across countries, and that the two types of variables gave similar,
though not identical, results.

Only a few of the coefficients for numbers of foreign-owned manufac-
turing affiliates are statistically significant in equations for U.S.
exports, but they are all negative, as we expect (Table 4). **Taking all those
with t-values above 1 we again find a majority of negative coefficients.**
The significant coefficients for exports by the 13 countries are positive,
by a wide margin, as we would expect if foreign manufacturing affiliates
have the same sort of effect on foreign exports as U.S. affiliates
appear to have on U.S. exports.

TABLE 4

Coefficients for Number of Foreign-Owned Manufacturing Affiliates in Equations for U.S. and 13-Country Exports, by Industry, 1970

	Developed Countries				Less Developed Countries			
	U.S. exports	13-Country exports	Market size measure	Affiliate activity measure	U.S. exports	13-Country exports	Market size measure	Affiliate activity measure
Industry								
431	-.0046 (.08)	1.193 (2.21)	EXP	NLS	-.5894 (1.90)	2.000 (3.35)	EXP	NLS
432	-1.0103 (1.76)	-2.347 (1.57)	GDP	NS	.1085 (.57)	-.5832 (.74)	EXP	NLS
433	-.4012 (2.08)	1.617 (2.98)	EXP	NS	-.4196 (.99)	1.2678 (2.16)	EXP	NLS
440	.0173 (.17)	-.0283 (1.24)	EXP	NLS	-.0510 (.34)	-.3798 (.61)	EXP	NLS
450	.0896 (.18)	7.516 (1.07)	GDP	NS	.9391 (1.81)	1.769 (1.92)	EXP	NLS
461	-2.5221 (2.30)	18.058 (3.11)	EXP	NLS	2.9694 (1.15)	-.2901 (.09)	EXP	NS
463	-.7913 (.93)	-.9005 (.14)	GDP	NLS				
471	-1.673 (2.16)	-.5987 (.18)	GDP	NS	-.1928 (.26)	.2625 (.35)	EXP	NLS
473	1.766 (1.76)	-7.632[b] (2.35)	GDP	NS	1.2828 (.65)	-.3731 (.20)	EXP	NS
481	1.606 (1.63)	6.587 (1.58)	EXP	NLS	-3.1810 (1.37)	17.37 (2.06)	EXP	NS
482	5.684 (.78)	19.72 (.45)	GDP	NS				
491	.0180 (.07)	-1.265 (.28)	EXP	NLS	NA			
495	.0193 (.13)	-2.775 (1.09)	GDP	NLS	-1.0944 (1.60)	.2719 (.20)	EXP	NLS
496	.7603[a] (.39)	9.187 (4.12)	EXP	NLS	-.3848 (.32)	-3.701 (.37)	EXP	NS

NOTES TO TABLE 4

a/ -2.474 in the best equation for U.S. exports.
   (2.90)

b/ -.3346 in best equation for 13-country exports.
   (.10)

For definitions and notes see Table 1.

We find, therefore, that although our measure of foreign-owned manufacturing activity is a crude one, numbers of affiliates in each country, it does give evidence of an impact on trade that matches that of U.S. affiliates. Just as U.S. manufacturing affiliates appear to promote U.S. exports and decrease exports by foreign countries, foreign-owned affiliates seem to increase foreign exports and reduce U.S. exports to the countries in which they are located.

Other Influences on Exports

Since we have tried to estimate the effect of affiliate activity by inserting it in equations that represent rough approximations to standard trade models it is of some interest to examine the other coefficients of these equations to see what influences on trade have been accounted for. If the coefficients for the other variables were eccentric or even if they appeared to have a negligible influence where we expect them to be important, some doubt is cast on the coefficients for affiliate activity, because it then would seem likely that some of the effects of country characteristics that enter the trade model were being absorbed by the affiliate activity variables. On the other hand, trade variable coefficients that looked reasonable would add to our confidence in the measures of the effect of affiliate activity.

The great majority of the market size coefficients, listed in Tables 5 and 6 for U.S. exports and 13-country exports respectively, are statistically significant, and all that are significant are positive, as we would expect. It seems clear, then, that the affiliate activity variables are not simply acting as **proxies** for market size.

Distance is a crude proxy for both transport cost and other costs such as communication that increase with distance. Ideally we should have a separate transport cost measure which would take account of the fact that such costs do not vary linearly with distance, differ between land and water transport, and are much more important for some commodities than for others. If we were using more disaggregated trade data we could make use of the equations for transport cost given in Lipsey and Weiss [1974], but their use with these highly aggregated categories would require some bold assumptions to produce usable estimates of unit values, stowage factors, and other commodity characteristics.

TABLE 5

Coefficients for Market Size, Distance from Export Sources
and EEC Membership in Equations for U.S. Exports, by Industry, 1970

| | Developed Countries | | | | | | Less Developed Countries | | | | |
| | | Distance from | | | | | | Distance from | | | |
Industry	Market size	U.S.	Germany	EEC membership	Market size measure	Affiliate activity measure	Market size	U.S.	Germany	Market size measure	Affiliate activity measure
431	.0020 (2.17)	.12 (.49)	.04 (.54)	-.933 (1.39)	EXP	NLS	.00136 (2.72)	-.308 (1.62)	.173 (.99)	EXP	NLS
432	.1542 (3.54)	-.438 (.19)	.402 (.61)	4.330 (.95)	GDP	NS	-.00060 (.81)	.149 (.42)	-.245 (.76)	EXP	NLS
433	.00257 (1.51)	-2.164 (.56)	3.283 (3.41)	10.01 (.88)	EXP	NS	.00798 (1.83)	1.240 (.77)	.774 (.41)	EXP	NLS
440	.00107 (3.79)	.252 (.65)	.339 (3.68)	1.180 (.90)	EXP	NLS	.00147 (3.30)	-.533 (2.41)	.114 (.54)	EXP	NLS
450	.7361 (7.49)	-.742 (.11)	-.734 (.42)	18.33 (1.20)	GDP	NS	.00283 (.50)	4.727 (1.74)	-1.310 (.59)	EXP	NLS
461	.00529 (1.67)	5.396 (.79)	.168 (.08)	48.34 (2.16)	EXP	NLS	.02675 (2.44) }	-12.990 (2.51)	3.821 (.80)	EXP	NS
463	.4555 (1.68)	-8.372 (1.03)	2.451 (1.08)	-19.14 (1.19)	GDP	NLS					NLS
471	.5866 (7.63)	4.792 (.78)	-.412 (.30)	.3031 (.03)	GDP	NS	.6695 (3.79)	-1.013 (.53)	-2.078 (1.33)	EXP	NLS

(cont.)

TABLE 5 (concl.)

Industry	Developed Countries						Less Developed Countries				
	Market size	Distance from U.S.	Distance from Germany	EEC membership	Market size measure	Affiliate activity measure	Market size	Distance from U.S.	Distance from Germany	Market size measure	Affiliate activity measure
473	.4855 (4.53)	-.604 (.11)	2.844 (1.75)	-16.94 (1.71)	GDP	NS	.00306 (.36)	-4.763 (1.56)	4.663 (1.63)	EXP	NS
481	-.00100 (.36)	1.215 (.23)	1.702 (1.34)	8.391 (.41)	EXP	NLS	.02514 (2.39)	-5.649 (1.14)	-3.100 (.68)	EXP	NS
482	1.394 (9.07)	-7.518 (.56)	2.172 (.83)	9.603 (.48)	GDP	NS	}				
491	.00021 (.24)	.27 (.15)	.036 (.09)	6.232 (1.18)	EXP	NLS	NA				
495	.05077 (3.46)	.507 (.68)	.509 (2.37)	2.106 (1.28)	GDP	NLS	.00208 (1.71)	-.774 (1.96)	.201 (.55)	EXP	NLS
496	.00920 (2.78)	-8.670 (1.49)	5.240 (3.48)	-26.71 (1.24)	EXP	NS	.00154 (2.03)	-.249 (.62)	.067 (.19)	EXP	NS

TABLE 6

Coefficients for Market Size, Distance from Export Sources, and
EEC Membership in Equations for 13-Country Exports, by Industry, 1970

Industry	Developed Countries						Less Developed Countries				
	Market size	Distance from U.S.	Distance from Germany	EEC membership	Market size measure	Affiliate activity measure	Market size	Distance from U.S.	Distance from Germany	Market size measure	Affiliate activity measure
431	.00427 (4.78)	-2.23 (.93)	- .62 (.88)	7.470 (1.15)	EXP	NLS	.00578 (6.01)	-.171 (.47)	-.211 (.63)	EXP	NLS
432	.4800 (4.24)	1.686 (.28)	-1.465 (.86)	49.15 (4.17)	GDP	NS	.03246 (10.63)	.110 (.07)	-2.651 (1.99)	EXP	NLS
433	.05417 (11.29)	-15.601 (1.43)	-4.010 (1.47)	37.19 (1.16)	EXP	NS	.03039 (5.04)	3.119 (1.19)	1.640 (.74)	EXP	NLS
440	.01470 (2.31)	10.592 (1.22)	-3.671 (1.77)	15.229 (.51)	EXP	NLS	.0249 (13.26)	.647 (.70)	-3.416 (3.86)	EXP	NLS
450	3.028 (2.21)	-8.27 (.09)	-5.294 (2.15)	439.1 (2.05)	GDP	NS	.1145 (11.45)	3.657 (.76)	-2.602 (.66)	EXP	NLS
461	.0409 (2.43)	9.154 (.25)	-7.221 (.64)	185.6 (1.56)	EXP	NLS	.1586 (11.78)	6.054 (.94)	-1.991 (.34)	EXP	NS
463	.1583 (.65)	1.487 (.20)	-1.758 (.85)	75.40 (5.18)	GDP	NLS					
471	.4775 (1.40)	39.278 (1.44)	-1.300 (2.15)	237.7 (4.94)	GDP	NS	.05686 (16.43)	2.099 (1.11)	-1.091 (.71)	EXP	NLS

(cont.)

TABLE 6 (concl.)

Industry	Developed Countries						Less Developed Countries				
	Market size	Distance from U.S.	Distance from Germany	EEC membership	Market size measure	Affiliate activity measure	Market size	Distance from U.S.	Distance from Germany	Market size measure	Affiliate activity measure
473	-.6769 (1.51)	39.870 (1.71)	1.973 (.29)	139.9 (3.38)	GDP	NS	.03625 (4.57)	8.391 (.29)	3.511 (1.29)	EXP	-NS
481	.01188 (1.02)	11.974 (.54)	-3.998 (.74)	23.51 (.27)	EXP	NLS	.2434 (6.38)	-13.051 (.72)	-18.056 (1.08)	EXP	NS
482	1.0801 (1.17)	89.676 (1.10)	-36.655 (2.32)	532.6 (4.40)	GDP	NS	NA				
491	.0938 (6.33)	-1.673 (.57)	-2.83 (.43)	-201.65 (2.26)	EXP	NLS					
495	-.1927 (.79)	-2.374 (.19)	-1.422 (.40)	148.69 (5.45)	GDP	NLS	.01773 (7.38)	.863 (1.10)	-.625 (.87)	EXP	NLS
496	.03012 (7.53)	-4.52 (.64)	1.01 (.55)	-30.98 (1.19)	EXP	NS	.02538 (4.03)	.686 (.20)	3.110 (1.04)	EXP	NS

Despite their crudeness the two distance variables produce
generally reasonable, although weak, results. We expect that in
equations for U.S. exports, coefficients for distance from the United
States should have a negative sign and those for distance from Germany
a positive sign. In other words, the United States should be more able
to export to a market the closer the market is to the United States and
the further it is from Germany. In U.S. exports to developed countries,
distance from the United States never appears statistically significant,
but distance from Germany does generally show the expected positive
effect, although it is statistically significant at the 5 per cent level
in only a few case". We are not certain that this is strictly a trans-
port cost effect, since closeness to Germany is almost synonymous with
membership in the EEC, which fails to show any consistent relation to
U.S. exports in these equations. In U.S. exports to less developed
countries distance from the United States shows the expected negative
effect in the two cases where it is significant and the same in almost
all the coefficients with standard errors above one.

For exports by the other 13 countries to developed areas, it is
again distance from Germany which shows some effects in a few industries
and that is in the expected, negative direction. In their exports to
less developed countries there is weak evidence of the expected positive
relation to distance from the United States and negative relation to
distance from Germany. Also frequently significant in the 13-country
export equations, but rarely so in the U.S. equations, is the dummy
variable for EEC membership. Many of the coefficients are statistically
significant and they as well as those that show t-values of one or more,

are almost all positive, as we would expect. That is, other things equal, the 13 countries exported more to EEC members than to other developed countries, presumably because the EEC members were among the 13 exporting countries and were at an advantage within the Common Market area. This variable contributed to the equations despite the presence of the distance from Germany, which occasionally was also significant. We thus have reason to believe that the distance variable was not entirely a proxy for EEC membership.

The Location of U.S. Affiliates

In addition to the equations for exports by the United States and
13 other **exporters** we have fitted equations for the activity of **U.S.**
affiliates in each market.[4] We have **two reasons** for doing this. One

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[4]
Since we want to explain the size of the affiliate's total

operations rather than sales in its own market, we use only net

sales and net fixed assets as independent variables and not net

local sales.

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is to find out how much of the variation in affiliate activity can be

accounted for by the same variables that are used to explain exports,

so as to form a judgment as to the degree to which the effects of

affiliate activity might be inextricable from those of country charac-

teristics. The second is to see whether there is any evidence here for

the idea that rivalry among firms is important in their location deci-

sions. In other words, do U.S. affiliates tend to locate and operate

where there are affiliates of other countries, aside from the influence

of market size and other country characteristics.

Since we were mainly interested in the variable for numbers of

foreign-owned manufacturing affiliates we have not shown the equations

including distance and EEC membership in cases where those variables

added nothing to the explanation of U.S. affiliate activity. We have

also completely omitted equations for several industries for which

the variables included did not explain the location of U.S. manufac-

turing affiliates at all.

TABLE 7

Coefficients for Market Size, Number of Foreign-Owned Manufacturing Affiliates
Distance from the United States and Germany, and EEC Membership
in Equations for U.S. Manufacturing Affiliate Activity in Developed Countries, by Industry, 1970

| | Market Size | No. of Foreign-Owned Mfg. Affiliates | Distance from | | EEC Membership | $\overline{R}^2$ | Market Size Measure | Affiliate Activity Measure |
			U.S.	Germany				
Industry 431	.4598 (4.05)	4.625 (3.01)				.588	GDP	NS
432	.009267 (2.91)	6.467 (2.82)				.685	EXP	NS
433	.03061 (2.65)	1.959 (.91)				.431	EXP	NS
440	.003113 (2.19)	.9750 (.65)				.204	EXP	NFA
450	.01591 (3.97)	1.436 (1.84)				.586	EXP	NS
461	.01914 (1.45)	11.958 (3.57)	-.044336 (1.56)	.015079 (2.14)	-179.04 (2.21)	.702	EXP	NS
463	1.8702 (8.05)	5.154 (.38)	.005424 (.34)	-.005330 (1.28)	69.29 (2.27)	.881	GDP	NFA
471	.00294 (.60)	3.938 (1.75)				.227	EXP	NS

(cont.)

TABLE 7 (concl.)

Industry	Market Size	No. of Foreign-Owned Mfg. Affiliates	Distance from U.S.	Distance from Germany	EEC Membership	$\bar{R}^2$	Market Size Measure	Affiliate Activity Measure
473	.05984 (4.12)	5.248 (1.23)	-.025783 (.67)	-.003042 (.32)	-196.15 (1.79)	.691	EXP	NS
481	.30291 (5.54)	28.891 (.96)	.009686 (.06)	.014221 (.35)	-1,653.14 (3.43)	.599	EXP	NS
482	.04574 (2.15)	3.052 (3.78)	-.004093 (2.20)	.000203 (.49)	2.27 (.72)	.625	GDP	NFA
491	.000955 (2.70)	-.0610 (.27)				.221	EXP	NFA
495	.005128 (6.23)	-.3130 (.43)				.701	EXP	NFA
496	.0335 (4.88)	19.93 (4.02)	-.027605 (1.41)	.005923 (1.22)	-210.7 (3.80)	.765	EXP	NS

EXP = 14 country exports of all manufactures.

GDP = Gross domestic product translated into dollars by exchange rates.

NFA = Net fixed assets.

NS = Net sales.

TABLE 8

Coefficients for Market Size, Number of Foreign-Owned Manufacturing
and Distance from the United States and Germany in Equations for
U.S. Manufacturing Affiliate Activity in Less Developed Countries, by Industry, 1970

| | Market Size | No, of Foreign-Owned Mfg. Affiliates | Distance from | | $\overline{R}^2$ | Market Size Measure | Affiliate Activity Measure |
			U.S.	Germany			
Industry 431			No significant coefficients				
432	-.000957 (.20)	3.083 (2.43)	-.00564 (2.35)	.00632 (1.55)	.294	EXP	NS
433	-.01640 (2.46)	2.448 (4.41)			.455	EXP	NFA
440			No significant coefficients				
450	.01496 (4.61)	.8396 (2.88)	-.00330 (2.43)	.00024 (.18)	.803	EXP	NFA
461-463	-.00948 (1.26)	6.3562 (5.36)			.570	EXP	NS
471	-.003733 (.74)	2.1245 (2.32)	-.005725 (2.37)	.000413 (.18)	.287	EXP	NS
473	-.004350 (3.02)	1.4996 (5.14)	-.000744 (1.39)	.000250 (.48)	.568	EXP	NFA
481-482	-.00933 (.75)	5.428 (2.11)			.109	EXP	NFA
491			No significant coefficients				
495	-.004865 (2.28)	5.0753 (4.76)	-.001161 (1.52)	.000010 (.01)	.581	EXP	NFA
496	.000713 (.58)	3.971 (2.29)	-.000953 (1.53)	.000026 (.04)	.153	EXP	NS

On the whole we were able to explain U.S. manufacturing activity in developed countries far better than in less developed countries. The market size variable was always positive, as we would expect, and almost always statistically significant at the 5 per cent level. The distance and EEC membership variables were of some influence in only six of the fourteen industries. Where the coefficients had t-ratios above one, those for distance from the United States were negative and those for distance from Germany were positive. That is, U.S. manufacturing affiliate activity tended to be larger the closer a market was to the United States and the further it was from Germany.

We had no strong a priori expectation about these distance coefficients. If the main factor in location were the difficulty of exporting to a particular market, we would expect positive coefficients for distance from the United States and negative coefficients for distance from Germany, because firms would have a hard time exporting to distant markets in the face of foreign competition and would therefore tend to produce there. On the other hand, if the main considerations were familiarity with a market, ease of supervision and of communication, and similar factors, we would expect negative coefficients for distance from the United States and positive ones for distance from Germany. It is the latter class of factors that seems to be supported by these results.

The EEC coefficients, in several cases where they were significant, suggest that membership of a country in the EEC was a deterrent to U.S. manufacturing investment, other things being equal. That result seems odd, since the existence of barriers to imports together with free trade in an area should encourage investment from outside.

The main variable we are interested in here, the number of foreign-owned manufacturing affiliates, has almost uniformly positive and usually significant coefficients. That is, the presence of foreign-owned manufacturing affiliates in a market encourages investment in U.S. manufacturing affiliates.

The equations for U.S. manufacturing affiliates' sales or investment in less developed countries were much poorer than those for developed countries in the sense that we were completely unable to explain affiliate activity in several industries, in several of the others the $\bar{R}^2$ were quite low, and several of the significant market size coefficients were negative. However, as in the case of developed countries, the coefficient for numbers of foreign-owned affiliates was consistently positive. Distance from the United States was more frequently significant and the coefficients were consistently negative.

Thus we do find quite **regularly that U.S. affiliates tend to** locate in markets where there are also affiliates of foreign countries **and in markets that are comparatively close to the United States.**

Summary

The purpose of this paper has been to examine the relations
among U.S. and foreign affiliate activity in an industry in a market,
and exports of that industry's products to that market by the
United States and foreign countries. In fourteen industries which
comprise the bulk of U.S. manufacturing investment abroad we find
quite consistently that the level of activity of U.S. manufacturing
affiliates is positively related to U.S. exports and, in less developed
country markets, negatively related to exports by 13 other countries.
The number of foreign-owned manufacturing affiliates is positively
related to exports by foreign countries and, in the few cases where
there is a clear relation, negatively related to U.S. exports. We
interpret these coefficients as indicating that U.S. manufacturing
affiliate activity tends to promote U.S. exports and that foreign
manufacturing affiliate activity tends to promote foreign countries'
exports. At the same time U.S. affiliates' production seems to
substitute for exports by foreigners and foreign-owned affiliates'
production for U.S. exports. We find no evidence that on net balance
a country's production in overseas markets substitutes for its own
domestic production and employment. These findings lend support to
the idea that direct investment abroad is a method by which oligopolistic
firms compete for shares in host country markets. The size of the
export coefficients, almost all less than 20 cents or so and mostly
less than 10 cents of exports per dollar of host country sales by
affiliates, suggests that the export competition is secondary to the
competition via production in the market, and may even be incidental
to it.

This view that rivalry among oligopolistic firms is a major element in investment and production in foreign markets is reinforced by the strong relationship between the number of foreign-owned manufacturing affiliates in a market and the activity of U.S.-owned affiliates, for markets of a particular size and distance from the United States and Germany. As is implied by this view, U.S.-owned manufacturing affiliate activity is greatest in markets where there are many foreign-owned affiliates.

We are encouraged by our finding that affiliates have impacts on foreign exports opposite to those on their own countries' exports to believe that the relationships are not simply disguised influences of country characteristics on both exports and affiliate activity. If they were we would expect them to have the same effects on U.S. and other countries' exports. Another defense against the possibility that our results would simply reflect the effects of country characteristics separately on investment and exports is the use of these country characteristics in the trade equations as independent variables. They do have the expected influence on exports there but the influence of affiliate activity is evident beyond that of the country characteristics.

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TABLE A-1

Equations Relating U.S. Exports to Developed Countries to Market Size, U.S. and Foreign Affiliate Activity, Distance from the United States and Germany, and EEC Membership, 1970

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates Mfg.	U.S.-Owned Affiliates Nonmfg.	No. of Foreign-Owned Mfg. Affiliates	Distance from Germany	Distance from U.S.	EEC Membership	$\bar{R}^2$
431	Net sales	-.669 (.78)	.00762 (1.56)		.0153 (2.86)	.0126 (.53)	-.01857 (.36)	.000010 (.16)	.000287 (1.27)	.0493 (.11)	.751
		-.913 (1.16)		-.00018 (2.31)	.0158 (3.65)	.0286 (1.62)	-.0360 (.78)	.00005 (.82)	.00025 (1.22)	-.697 (1.22)	.791
	Net local sales	-.1040 (.11)	.00846 (1.32)		.0153 (1.62)	.0121 (.41)	.0129 (.21)	-.000001 (.01)	.000160 (.62)	-.0746 (.14)	.664
		-.334 (.37)		-.00020 (2.17)	.0163 (2.30)	.0312 (1.36)	-.0046 (.08)	.00004 (.54)	.00012 (.49)	-.933 (1.39)	.721
432	Net sales	4.249 (.46)	.1542 (3.54)		.00724 (.15)	1.145 (1.81)	-1.0103 (1.76)	.000402 (.61)	-.000438 (.19)	4.330 (.95)	.540
		12.91 (1.06)		.001104 (.82)	.0423 (.61)	.7109 (.84)	-.5819 (.76)	.001686 (2.24)	-.003384 (1.14)	3.234 (.37)	.142
	Net local sales	5.916 (.60)	.1533 (3.26)		-.07861 (1.37)	-.3513 (.47)	-.09056 (.14)	.000178 (.25)	-.000693 (.28)	7.020 (1.51)	.475
		13.77 (1.12)		.001487 (1.09)	-.0383 (.50)	-.6508 (.66)	.2376 (.28)	.001490 (1.96)	-.003663 (1.22)	2.968 (.34)	.125

(cont.)

TABLE A-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates Mfg.	U.S.-Owned Affiliates Nonmfg.	No. of Foreign-Owned Mfg. Affiliates	Distance from Germany	Distance from U.S.	EEC Membership	$\bar{R}^2$
433	Net sales	3.623 (.25)	.11219 (1.90)		.09588 (5.43)	.01954 (.64)	-.4125 (2.23)	.002237 (2.32)	.000157 (.04)	18.95 (2.40)	.823
		7.381 (.50)		.002571 (1.51)	.09370 (4.69)	.00863 (.25)	-.4012 (2.08)	.003283 (3.41)	-.002164 (.56)	10.01 (.88)	.807
	Net local sales	10.532 (.57)	.11045 (1.19)		.10740 (3.02)	-.10166 (.49)	-.3566 (1.06)	.002356 (1.91)	-.001313 (.23)	29.86 (2.76)	.709
		10.369 (.59)		.002995 (1.57)	.10876 (3.51)	-.01018 (.06)	-.4894 (1.57)	.003364 (2.88)	-.002650 (.56)	19.06 (1.36)	.729
440	Net sales	-1.1710 (.51)	.01565 (1.57)		.03763 (5.25)	.13138 (2.39)	.01824 (.12)	.000100 (.67)	.000588 (.95)	1.6776 (1.37)	.860
		-2.5656 (1.95)		-.001202 (5.87)	.02452 (5.10)	-.01806 (.42)	.02131 (.24)	.000354 (4.44)	.000301 (.89)	-2.1201 (2.18)	
	Net local sales	-.1472 (.07)	.00819 (.84)		.05071 (6.03)	.17758 (2.97)	-.02562 (.18)	.000159 (1.14)	.000329 (.58)	2.641 (2.33)	.882
		-2.0661 (1.33)		-.001070 (3.79)	.03050 (3.77)	.00187 (.03)	.01728 (.17)	.000339 (3.68)	.000252 (.65)	1.180 (.90)	.941
450	Net sales	12.79 (.51)	.7361 (7.49)		.1971 (2.45)	-.0658 (.65)	.0896 (.18)	-.000734 (.42)	-.000742 (.11)	18.33 (1.20)	.917
		26.79 (.55)		.01393 (2.51)	.2298 (1.32)	-.1328 (.67)	-.1964 (.20)	.006812 (2.32)	-.011295 (.90)	-16.32 (.48)	.701
	Net local sales	18.95 (.70)	.7270 (7.08)		.2277 (2.24)	-.0960 (.47)	.1018 (.19)	-.000717 (.40)	-.001852 (.26)	20.54 (1.34)	.914
		33.82 (.69)		.01331 (2.37)	.2982 (1.41)	-.2218 (.58)	-.2071 (.20)	-.006739 (2.32)	-.012474 (.98)	-11.98 (.36)	.708

(cont.)

TABLE A-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates Mfg.	U.S.-Owned Affiliates Nonmfg.	No. of Foreign-Owned Mfg. Affiliates	Distance from Germany	Distance from U.S.	EEC Membership	$\bar{R}^2$
463	Net sales	24.38 (.70)	.5939 (2.25)		.1268 (2.17)	.1013 (.91)	5.937 (.78)	.002292 (.90)	-.007493 (.85)	-26.42 (1.46)	.885
		37.84 (1.02)		.1113 (1.36)	.1780 (3.17)	-.0848 (.49)	7.140 (.86)	.006152 (2.46)	-.014079 (1.44)	-79.11 (1.94)	.860
	Net local sales	27.16 (.86)	.4555 1.68		.2108 (2.58)	.1699 (1.25)	.4241 (.58)	.002451 (1.08)	-.008372 (1.03)	-19.14 (1.19)	.904
		36.56 (1.09)		.00536 (.74)	.2921 (4.25)	.3495 (.17)	6.448 (.82)	.004903 (2.11)	-.001780 (1.33)	-44.87 (1.18)	.888
461	Net sales	-49.34 (1.27)	.3922 (2.10)		.4138 (5.08)	.1451 (1.68)	-.9865 (.68)	.002867 (1.10)	.018774 (1.81)	52.84 (2.60)	.912
		-28.01 (.66)		.00398 (.75)	.4463 (4.80)	.1081 (1.06)	-.5136 (.31)	.005552 (1.92)	.011323 (1.03)	45.81 (1.35)	.887
	Net local sales	-21.94 (.99)	.3704 (3.25)		.7817 (9.74)	1.6499 (5.59)	-2.7658 (3.08)	-.002882 (1.70)	.011771 (1.98)	59.25 (4.42)	.970
		-7.560 (.29)		.00529 (1.67)	.8275 (8.60)	1.4792 (4.15)	-2.5221 (2.30)	-.000168 (.08)	.005396 (.79)	48.34 (2.16)	.955
471	Net sales	-9.389 (.45)	.5866 (7.63)		.1196 (2.10)	.0933 (.91)	-.8027 (1.05)	-.000412 (.30)	.004792 (.78)	.3031 (.03)	.855
		22.94 (.87)		.01269 (5.03)	.0773 (1.01)	-.1439 (.94)	.5575 (.59)	.005060 (3.25)	-.012346 (1.69)	-54.716 (2.81)	.731
	Net local sales	-5.978 (.27)	.5892 (6.73)		.1228 (1.58)	.1069 (.36)	-.7913 (.93)	-.000519 (.34)	.004260 (.64)	.6253 (.05)	.833
		20.79 (.83)		.01499 (5.30)	.0875 (.95)	-1.7664 (1.75)	.6562 (.72)	.004922 (3.35)	-.001279 (1.87)	-62.19 (3.26)	.763

(cont.)

TABLE A-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates Mfg.	U.S.-Owned Affiliates Nonmfg.	No. of Foreign-Owned Mfg. Affiliates	Distance from Germany	Distance from U.S.	EEC Membership	$\bar{R}^2$
473	Net sales	9.343 (.45)	.4855 (4.53)		.06315 (2.18)	.5060 (3.00)	-1.673 (2.16)	.002844 (1.75)	-.000604 (.11)	-16.94 (1.71)	.896
		24.915 (.81)		.00976 (1.55)	.06424 (1.09)	.4976 (1.51)	-1.646 (1.29)	.007295 (3.89)	-.010003 (1.08)	-47.05 (1.62)	.774
	Net local sales	12.48 (.57)	.4927 (4.23)		.0590 (1.58)	.6167 (2.71)	-1.935 (2.10)	.003319 (1.81)	-.001159 (.20)	-10.57 (1.00)	.883
		26.05 (.87)		.01054 (1.88)	.0550 (.86)	.6288 (1.69)	-2.015 (1.48)	.007911 (4.14)	-.010431 (1.19)	-44.50 (1.54)	.782
481	Net sales	-8.108 (.38)	-.0698 (.73)		.01786 (2.78)	.1130 (1.73)	1.766 (1.76)	.002397 (1.55)	.000927 (.16)	5.134 (.40)	.513
		-11.41 (.52)		-.000830 (.26)	.01668 (1.96)	.1043 (1.58)	1.871 (1.83)	.001750 (1.29)	.002239 (.40)	6.362 (.28)	.496
	Net local sales	-5.066 (.25)	-.0616 (.72)		.02899 (3.23)	.1210 (1.91)	1.531 (1.59)	.002285 (1.60)	.000040 (.01)	5.781 (.48)	.569
		-7.410 (.36)		-.001000 (.36)	.02844 (2.46)	.1131 (1.77)	1.606 (1.63)	.001702 (1.34)	.001215 (.23)	8.391 (.41)	.556
482	Net sales	43.60 (.90)	1.394 (9.07)		-.5466 (1.27)	.7167 (1.12)	5.684 (.78)	.002172 (.83)	-.007518 (.56)	9.603 (.48)	.891
		23.69 (.26)		.02825 (3.89)	.3123 (.42)	-.2854 (.22)	-8.119 (.62)	.013039 (2.82)	-.014407 (.58)	-89.56 (1.61)	.629
	Net local sales	41.67 (.86)	1.398 (9.14)		-.5505 (1.25)	.6508 (.85)	5.129 (.72)	.002002 (.76)	-.006658 (.50)	5.854 (.29)	.889
		20.62 (.23)		.02766 (4.02)	.4021 (.53)	-.0798 (.05)	-8.691 (.69)	.012847 (2.79)	-.013316 (.55)	-84.81 (1.59)	.632

(cont.)

TABLE A-1 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		EEC Membership	$\bar{R}^2$
					Mfg.	Nonmfg.		Germany	U.S.		
491	Net sales	.4754 (.07)	-.01023 (.38)		.1034 (1.27)	-.6959 (.86)	.0569 (.24)	.000125 (.29)	.000090 (.05)	7.986 (2.47)	.012
		-.342 (.05)		.00014 (.17)	.0961 (1.16)	-.9147 (1.07)	.0383 (.15)	.000051 (.14)	.00022 (.13)	7.037 (1.43)	.003
	Net local sales	.5083 (.08)	-.00967 (.34)		.0782 (.69)	-.4926 (.58)	.0440 (.18)	.000104 (.23)	.000141 (.08)	7.533 (2.18)	.000
		-.432 (.06)		.00021 (.24)	.0600 (.54)	-.7239 (.81)	.0180 (.07)	.000036 (.09)	.00027 (.15)	6.232 (1.18)	.000
495	Net sales	-2.929 (.90)	.0545 (3.25)		.0319 (1.67)	.6802 (2.70)	.1304 (.75)	.000547 (2.09)	.000489 (.57)	1.919 (.99)	.843
		-1.540 (.40)		.00133 (1.86)	.0257 (.80)	.4658 (1.20)	.1216 (.58)	.000995 (3.96)	-.00048 (.51)	-2.561 (.71)	.776
	Net local sales	-2.193 (.75)	.0508 (3.46)		.0379 (2.04)	1.0081 (3.68)	.0193 (.13)	.000509 (2.37)	.000507 (.68)	2.106 (1.28)	.881
		-.908 (.26)		.00117 (1.98)	.0341 (1.13)	.8911 (2.32)	.0222 (.12)	.000967 (4.57)	-.00045 (.55)	-1.770 (.56)	.825
496	Net sales	-6.607 (.63)	.4710 (8.95)		-.0039 (.10)	.1722 (4.46)	-2.474 (2.90)	.000686 (.93)	.002146 (.80)	12.04 (2.13)	.945
		14.50 (.68)		.00920 (2.78)	-.0129 (.12)	.1406 (1.69)	.2317 (.11)	.005240 (3.48)	-.008670 (1.49)	-26.71 (1.24)	.752
	Net local sales	-4.501 (.36)	.4586 (7.34)		.00558 (.10)	.1628 (3.84)	-2.663 (2.70)	.000708 (.79)	.001871 (.58)	14.27 (2.02)	.920
		14.53 (.70)		.01106 (3.12)	-.0986 (.74)	.1761 (2.32)	.7603 (.39)	.005650 (3.81)	.009949 (1.75)	-33.83 (1.47)	.764

TABLE A-2

Equations Relating U.S. Exports to Less Developed Countries to Market Size, United States and Foreign Affiliate Activity, and Distance from the United States and Germany, 1970

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
				Mfg.	Nonmfg.		Germany	U.S.	
431	Net sales	-.0915 (.07)	.00136 (2.73)	.0277 (2.32)	.00192 (.02)	-.5962 (1.95)	.000180 (1.07)	-.000318 (1.74)	.390
	Net local sales	-.1302 (.10)	.00136 (2.72)	.0288 (2.32)	.0225 (.09)	-.5894 (1.90)	.000173 (.99)	-.000308 (1.62)	.387
432	Net sales	3.636 (1.50)	-.00059 (.80)	.0979 (3.07)	3.5219 (4.34)	.1224 (.64)	-.000253 (.77)	.000127 (.35)	.579
	Net local sales	3.492 (1.46)	-.00060 (.81)	.1033 (3.19)	3.5219 (4.41)	.1085 (.57)	-.000245 (.76)	.000149 (.42)	.591
433	Net sales	5.037 (.36)	.00660 (1.40)	.2234 (2.94)	-.1149 (.35)	-.2297 (.52)	-.001812 (.86)	.001059 (.63)	.331
	Net local sales	-3.539 (.28)	.00798 (1.83)	.2741 (3.53)	.06038 (.14)	-.4196 (.99)	-.000774 (.41)	.001240 (.77)	.425
440	Net sales	2.998 (1.34)	.00129 (2.24)	.01286 (.48)	.3577 (2.67)	-.0667 (.37)	.000161 (.63)	-.000599 (2.25)	.608
	Net local sales	2.950 (1.61)	.00147 (3.30)	.00153 (.06)	.4937 (4.13)	-.0510 (.34)	.000114 (.54)	-.000533 (2.41)	.733

(cont.)

TABLE A-2 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
				Mfg.	Nonmfg.		Germany	U.S.	
450	Net sales	-8.442 (.38)	-.000204 (.03)	.8707 (3.65)	.0895 (1.08)	.6964 (1.16)	.005921 (1.73)	-.001387 (.55)	.484
	Net local sales	-6.237 (.34)	.00283 (.50)	.7954 (4.14)	.2462 (1.46)	.9391 (1.81)	.004727 (1.74)	-.001310 (.59)	.594
461-463	Net sales	75.93 (2.16)	.02675 (2.44)	.6352 (1.99)	.1326 (.33)	2.9694 (1.15)	-.012990 (2.51)	.003821 (.80)	.710
	Net local sales	64.66 (1.69)	.02706 (2.50)	.7163 (2.02)	.4599 (.79)	2.7539 (1.06)	-.012214 (2.33)	.004210 (.92)	.714
471	Net sales	.2489 (.02)	.00525 (1.46)	.6260 (3.56)	-.5408 (.48)	-.04086 (.05)	-.001117 (.56)	.001734 (1.08)	.508
	Net local sales	-2.701 (.20)	.00590 (1.68)	.6695 (3.79)	-.5509 (.52)	-.19277 (.26)	-.001013 (.53)	-.002078 (1.33)	.538
473	Net sales	.3751 (.02)	.00306 (.36)	.2093 (.58)	.00719 (.02)	1.2828 (.65)	-.004763 (1.56)	.004663 (1.63)	.110
	Net local sales	.0217 (.10)	.00164 (.19)	.00722 (.02)	.09905 (.26)	1.9410 (1.0)	-.004850 (1.58)	-.004522 (1.53)	.094
481-482	Net sales	83.21 (2.45)	.02514 (2.39)	.1599 (2.60)	-.8249 (.42)	-3.1810 (1.37)	-.005649 (1.14)	-.003100 (.68)	.472
	Net local sales	82.10 (2.37)	.02476 (2.34)	.1513 (2.49)	-.0171 (.01)	-2.9534 (1.28)	-.005249 (1.05)	-.003576 (.80)	.461

(cont.)

TABLE A-2 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
				Mfg.	Nonmfg.		Germany	U.S.	
495	Net sales	2.651 (.88)	.002279 (1.83)	.2420 (3.15)	-2.4988 (2.43)	-1.3225 (1.80)	-.000649 (1.59)	.000182 (.49)	.438
	Net local sales	3.441 (1.18)	.002080 (1.71)	.2274 (3.19)	-2.8981 (2.40)	-1.0944 (1.60)	-.000774 (1.96)	.000201 (.55)	.448
496	Net sales	3.472 (1.29)	.001536 (2.03)	.1005 (.33)	.7032 (5.11)	-.3848 (.32)	-.000249 (.62)	.000067 (.19)	.903
	Net local sales	3.455 (1.23)	.001572 (2.00)	-.0320 (.11)	.8058 (6.49)	-.5459 (.43)	-.000208 (.49)	.000020 (.05)	.894

TABLE A-3

Equations Relating 13-Country Exports to Developed Countries to Market Size, United States and Foreign Affiliate Activity, Distance from the United States and Germany, and EEC Membership, 1970

| Industry | U.S. Affiliate Activity Measure | Constant Term | GDP | 14-Country Exports | U.S.-Owned Affiliates | | No. of Foreign Owned Mfg. Affiliates | Distance from | | EEC Membership | $\bar{R}^2$ |
					Mfg.	Nonmfg.		Germany	U.S.		
431	Net sales	17.803 (1.21)	.04468 (.54)		-.0484 (.53)	.1044 (.26)	1.032 (1.17)	-.001436 (1.30)	-.001704 (.44)	27.918 (3.55)	.685
		14.156 (1.32)		.00365 (3.47)	-.1132 (1.93)	.1089 (.45)	.897 (1.42)	-.00063 (.75)	-.00287 (1.01)	10.150 (1.31)	.833
	Net local sales	15.960 (1.18)	.11032 (1.23)		-.1792 (1.36)	.0340 (.08)	1.411 (1.62)	-.001478 (1.38)	-.001414 (.40)	27.174 (3.61)	.717
		9.800 (1.12)		.00427 (4.78)	-.2312 (3.35)	.2700 (1.21)	1.193 (2.21)	-.00062 (.88)	-.00223 (.98)	7.470 (1.15)	.885
432	Net sales	26.74 (1.12)	.4800 (4.24)		-.0676 (.54)	2.525 (1.54)	-2.347 (1.57)	-.001465 (.86)	.001686 (.28)	49.15 (4.17)	.779
		48.01 (1.50)		.006248 (1.75)	-.0284 (.16)	1.064 (.47)	-.9830 (.48)	.002609 (1.31)	-.007617 (.97)	32.61 (1.42)	.573
	Net local sales	27.68 (1.12)	.4850 (4.12)		-.1921 (1.34)	.8307 (.44)	-1.266 (.75)	-.001780 (1.00)	.001648 (.26)	55.30 (4.76)	.765
		48.17 (1.50)		.006638 (1.85)	-.1195 (.59)	-.2992 (.12)	-.1467 (.06)	.002414 (1.21)	-.007762 (.99)	33.35 (1.46)	.572

(cont.)

TABLE A-3 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		EEC Membership	$\bar{R}^2$
					Mfg.	Nonmfg.		Germany	U.S.		
433	Net sales	36.90 (.35)	1.3192 (3.02)		.1121 (.86)	.3997 (1.75)	1.9586 (1.43)	-.019761 (2.77)	.019033 (.68)	255.1 (4.35)	.881
		64.97 (1.56)		.05417 (11.29)	-.07141 (1.27)	.0885 (.92)	1.6170 (2.98)	-.004010 (1.47)	-.015601 (1.43)	37.19 (1.16)	.981
	Net local sales	65.72 (.56)	1.5346 (2.59)		.0494 (.21)	-.6127 (.46)	2.9002 (1.34)	-.020992 (2.65)	.014464 (.46)	247.1 (3.57)	.854
		51.89 (1.18)		.05340 (11.28)	-.0343 (.45)	.5539 (1.25)	.9881 (1.27)	-.005006 (1.73)	-.010603 (.90)	33.48 (.96)	.979
440	Net sales	11.49 (.29)	-.2035 (1.18)		.1951 (1.58)	.4751 (5.02)	-3.5469 (1.35)	-.004082 (1.59)	.008326 (.78)	66.82 (3.16)	.863
		-29.60 (.87)		.01362 (2.57)	-.06116 (.49)	1.8288 (1.66)	-2.8881 (1.28)	-.003823 (1.85)	.011314 (1.29)	19.404 (.77)	.899
	Net local sales	27.26 (.76)	-.3023 (1.84)		.3697 (2.61)	5.882 (5.83)	-4.4174 (1.83)	-.003214 (1.36)	.004147 (.43)	75.73 (3.97)	.889
		-29.05 (.83)		.01470 (2.31)	-.0926 (.51)	1.907 (1.33)	-.02829 (1.24)	-.003671 (1.77)	.010592 (1.22)	15.229 (.51)	.901
450	Net sales	286.7 (.81)	3.028 (2.21)		2.350 (2.09)	-1.435 (1.01)	7.516 (1.07)	-.05294 (2.15)	-.00827 (.09)	439.1 (2.05)	.833
		21.65 (.13)		.15906 (8.38)	.3263 (.54)	-.2915 (.43)	-.0314 (.01)	-.01432 (1.42)	-.01530 (.35)	-30.00 (.26)	.964
	Net local sales	372.2 (1.08)	2.727 (1.99)		3.144 (2.31)	-2.966 (1.09)	8.334 (1.18)	-.05013 (2.08)	-.02933 (.31)	446.0 (2.17)	.843
		49.07 (.29)		.1532 (8.06)	.7033 (.98)	-.8033 (.62)	.3594 (.10)	-.014339 (1.46)	-.019868 (.46)	-18.16 (.16)	.966

(cont.)

TABLE A-3 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates Mfg.	U.S.-Owned Affiliates Nonmfg.	No. of Foreign-Owned Mfg. Affiliates	Distance from Germany	Distance from U.S.	EEC Membership	$\bar{R}^2$
461	Net sales	207.6 (1.25)	1.0379 (1.29)		-.2439 (.70)	.3179 (.86)	19.068 (3.04)	-.023253 (2.07)	.018580 (.42)	336.53 (3.86)	.884
		202.3 (1.41)		.04147 (2.31)	-.3500 (1.11)	.0423 (.12)	17.583 (3.12)	-.010902 (1.11)	-.001566 (.04)	(67.57) (1.46)	.907
	Net local sales	205.6 (1.24)	.9255 (1.09)		-.3841 (.64)	-1.351 (.61)	19.551 (2.91)	-.020271 (1.60)	.024317 (.55)	357.1 (3.56)	.880
		174.6 (1.25)		.04090 (2.43)	-.5496 (1.08)	-1.885 (1.00)	18.058 (3.11)	-.007221 (.64)	.009154 (.25)	185.6 (1.56)	.911
463	Net sales	3.412 (.15)	.01642 (.09)		.2168 (5.54)	.3456 (4.66)	3.512 (.69)	-.000631 (.37)	.002158 (.36)	56.91 (4.69)	.966
		7.461 (.35)		-.00594 (1.27)	.2535 (7.88)	.4349 (4.37)	3.752 (.78)	-.001042 (.73)	.003465 (.62)	82.66 (3.54)	.970
	Net local sales	1.066 (.04)	.1583 (.65)		.2380 (3.22)	.5390 (4.39)	-.9005 (.14)	-.001758 (.85)	.001487 (.20)	75.40 (5.18)	.948
		8.052 (.29)		-.003983 (.66)	.3124 (5.43)	.6046 (3.60)	-.8374 (.13)	-.001589 (.82)	.001682 (.23)	93.92 (2.95)	.948
471	Net sales	-28.05 (.30)	.4775 (1.40)		-.0884 (.35)	.7658 (1.68)	-.5987 (.18)	-.001300 (2.15)	.039278 (1.44)	237.7 (4.94)	.794
		-51.81 (.89)		.02462 (4.43)	-.0812 (.48)	.1997 (.59)	-.1597 (.77)	-.008776 (2.55)	.033382 (2.07)	120.7 (2.81)	.905
	Net local sales	-17.25 (.19)	.3259 (.92)		-.1458 (.46)	2.2388 (1.87)	-.7543 (.22)	-.011470 (1.88)	.036510 (1.37)	228.9 (4.88)	.803
		-54.84 (.92)		.02595 (3.83)	-.0667 (.30)	.0100 (.01)	-1.7537 (.80)	-.009044 (2.57)	.034137 (2.08)	111.87 (2.45)	.902

cont.

TABLE A-3 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		EEC Membership	$\bar{R}^2$
					Mfg.	Nonmfg.		Germany	U.S.		
473	Net sales	-60.52 (.69)	-.6769 (1.51)		.1878 (1.55)	2.287 (3.24)	-7.632 (2.35)	.001973 (.29)	.039870 (1.71)	139.9 (3.38)	.679
		-50.71 (.66)		.04116 (2.64)	-.2257 (1.54)	.1336 (.16)	-2.068 (.65)	-.004869 (1.05)	.014673 (.64)	-39.40 (.54)	.754
	Net local sales	-34.24 (.34)	-.5658 (1.07)		.1810 (1.07)	2.283 (2.21)	-7.580 (1.82)	.002775 (.34)	.033819 (1.27)	163.8 (3.44)	.577
		-35.21 (.47)		.04769 (3.38)	-.3094 (1.93)	-.5029 (.54)	-.3346 (.10)	-.005476 (1.13)	-.006492 (.29)	-67.73 (.93)	.755
481	Net sales	1.9985 (.02)	-.2438 (.62)		.03208 (1.21)	.4840 (1.79)	5.072 (1.22)	-.002570 (.40)	.007905 (.33)	110.7 (2.11)	.541
		-46.02 (.53)		.01209 (.97)	-.00485 (.14)	.4759 (1.81)	6.563 (1.61)	-.003955 (.73)	.011969 (.54)	24.31 (.27)	.560
	Net local sales	36.32 (.04)	-.1830 (.48)		.04461 (1.12)	.4839 (1.72)	4.856 (1.14)	-.003242 (.51)	.007667 (.32)	110.8 (2.07)	.532
		-45.51 (.52)		.01188 (1.02)	-.00515 (.11)	.4915 (1.81)	6.587 (1.58)	-.003998 (.74)	.011974 (.54)	23.51 (.27)	.559
482	Net sales	-71.89 (.25)	1.0801 (1.17)		-1.154 (.45)	7.062 (1.83)	19.72 (.45)	-.036655 (2.32)	.089676 (1.10)	532.6 (4.40)	.721
		-145.4 (.68)		.0653 (3.80)	-1.622 (.92)	2.498 (.81)	9.170 (.30)	-.023492 (2.14)	.072028 (1.22)	191.1 (1.45)	.854
	Net local sales	-50.58 (.17)	1.2185 (1.31)		-1.636 (.61)	7.445 (1.61)	22.31 (.52)	-.038161 (2.39)	.086042 (1.06)	514.2 (4.25)	.712
		-143.7 (.69)		.0657 (4.04)	-1.769 (.99)	2.648 (.75)	9.051 (.30)	-.023748 (2.18)	.072061 (1.25)	179.6 (1.42)	.855

(cont.)

TABLE A-3 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		EEC Membership	$\bar{R}^2$
					Mfg.	Nonmfg.		Germany	U.S.		
491	Net sales	76.10 (.35)	.9598 (1.05)		-1.251 (.45)	6.023 (.22)	9.657 (1.21)	-.016608 (1.13)	-.008623 (.15)	202.22 (1.83)	.443
		-69.55 (.61)		.0910 (6.26)	-2.803 (1.92)	-31.27 (2.08)	-1.215 (.27)	-.00266 (.40)	-.01764 (.59)	-183.91 (2.13)	.849
	Net local sales	74.70 (.34)	.9490 (1.02)		-1.061 (.30)	4.574 (.16)	9.753 (1.22)	-.016378 (1.10)	-.008830 (.15)	205.43 (1.81)	.438
		-77.92 (.68)		.0938 (6.33)	-3.819 (2.03)	-31.92 (2.11)	-1.265 (.28)	-.00283 (.43)	-.01673 (.57)	-201.65 (2.26)	.851
495	Net sales	43.94 (.91)	-.1820 (.73)		.9673 (3.42)	4.887 (1.31)	-1.444 (.56)	-.000220 (.06)	-.002320 (.18)	139.13 (4.83)	.864
		-14.34 (.44)		.0242 (4.05)	-.1583 (.59)	-5.007 (1.54)	-1.531 (.87)	-.003301 (1.56)	.00419 (.53)	44.00 (1.46)	.938
	Net local sales	58.99 (1.23)	-.1927 (.79)		1.105 (3.61)	4.437 (.98)	-2.775 (1.09)	-.001422 (.40)	-.002374 (.19)	148.69 (5.45)	.871
		-10.62 (.31)		.0215 (3.79)	-.0325 (.11)	-4.888 (1.33)	-1.115 (.62)	-.002656 (1.31)	-.00299 (.38)	54.31 (1.78)	.936
496	Net sales	-7.333 (.13)	.5268 (1.91)		.2055 (.98)	-.0366 (.18)	-.6253 (.14)	-.007456 (1.93)	.018116 (1.28)	121.2 (4.10)	.821
		1.621 (.06)		.0301 (7.53)	-.2975 (2.32)	.1266 (1.26)	8.843 (3.49)	.00101 (.55)	-.00452 (.64)	-30.98 (1.19)	.957
	Net local sales	-4.611 (.09)	.4920 (1.84)		.3154 (1.34)	-.0791 (.44)	-.3972 (.09)	-.007460 (1.95)	.017685 (1.27)	119.8 (.51)	.826
		1.569 (.07)		.0327 (8.15)	-.4366 (2.90)	.0999 (1.16)	9.187 (4.12)	.00136 (.81)	-.00576 (.89)	-48.02 (1.84)	.964

TABLE A-4

Equations Relating 13-Country Exports to Less Developed Countries to Market Size, United States and Foreign Affiliate Activity, and Distance from the United States and Germany, 1970

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
				Mfg.	Nonmfg.		Germany	U.S.	
431	Net sales	-.3770 (.14)	.00577 (6.06)	-.1176 (5.15)	.0956 (.45)	2.114 (3.61)	-.000280 (.87)	-.000038 (.11)	.911
	Net local sales	.3975 (.15)	.00578 (6.01)	-.1249 (5.24)	-.1843 (.40)	2.000 (3.35)	-.000211 (.63)	-.000171 (.47)	.909
432	Net sales	6.039 (.60)	.03244 (10.49)	-.2687 (2.04)	-2.170 (.65)	-.6365 (.80)	-.002648 (1.95)	.000202 (.14)	.890
	Net local sales	6.468 (.65)	.03246 (10.63)	-.2891 (2.15)	-2.197 (.66)	-.5832 (.74)	-.002651 (1.99)	.000110 (.07)	.893
433	Net sales	8.658 (.49)	.03234 (5.43)	.0181 (.19)	-.4023 (.98)	1.0389 (1.85)	.001648 (.78)	.002590 (.97)	.797
	Net local sales	-11.305 (.65)	.03039 (5.04)	-.0243 (.23)	-.3683 (.62)	1.2678 (2.16)	.001640 (.74)	.003119 (1.19)	.790
440	Net sales	14.15 (1.57)	.0249 (10.71)	-.4969 (4.61)	-.7607 (1.41)	-.2316 (.32)	-.003673 (3.58)	.000878 (.82)	.911
	Net local sales	13.41 (1.74)	.0249 (13.26)	-.4677 (4.75)	-1.3278 (2.64)	-.3798 (.61)	-.003416 (3.86)	.000647 (.70)	.933

(cont.)

TABLE A-4 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		$\overline{R}^2$
				Mfg.	Nonmfg.		Germany	U.S.	
450	Net sales	-18.65 (.48)	.1246 (11.26)	-1.511 (3.89)	.1657 (1.15)	2.0625 (1.97)	.003888 (.65)	-.002844 (.65)	.911
	Net local sales	5.588 (.17)	.1145 (11.45)	-1.658 (4.87)	.4216 (1.41)	1.769 (1.92)	.003657 (.76)	-.002602 (.66)	.927
461-463	Net sales	-21.87 (.49)	.1586 (11.78)	.0597 (.23)	-.6156 (1.62)	-.2901 (.09)	.006054 (.94)	-.001991 (.34)	.893
	Net local sales	-37.11 (.77)	.1570 (10.74)	.4590 (.53)	-.3122 (.20)	-1.0493 (.31)	.009200 (1.37)	-.004063 (.66)	.876
471	Net sales	-10.40 (.84)	.05718 (17.35)	-.5570 (3.46)	-.4151 (.40)	.2100 (.30)	.001861 (1.02)	-.000783 (.53)	.948
	Net local sales	-10.14 (.78)	.05686 (16.43)	-.5496 (3.16)	-.3130 (.30)	.2625 (.35)	.002099 (1.11)	-.001091 (.71)	.944
473	Net sales	-26.93 (1.28)	.03625 (4.57)	.0527 (.15)	.0792 (.22)	-.3731 (.20)	.008391 (.29)	.003511 (1.29)	.636
	Net local sales	-25.71 (1.20)	.03524 (4.47)	-.1025 (.29)	.0158 (.04)	.1035 (.06)	.000924 (.32)	.003252 (1.17)	.636
481-482	Net sales	14.16 (.11)	.2434 (6.38)	-.6918 (3.09)	-.4898 (.07)	17.37 (2.06)	-.013051 (.72)	-.018056 (1.08)	.815
	Net local sales	13.406 (.11)	.2427 (6.39)	-.7122 (3.27)	.1013 (.15)	17.84 (2.15)	-.011375 (.64)	-.020111 (1.25)	.816

(cont.)

TABLE A-4 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	U.S.-Owned Affiliates		No. of Foreign-Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
				Mfg.	Nonmfg.		Germany	U.S.	
495	Net sales	-4.071 (.70)	.017387 (7.17)	-.4393 (2.93)	.3709 (1.85)	.7004 (.49)	.000651 (.82)	-.000589 (.82)	.882
	Net local sales	-5.367 (.93)	.01773 (7.38)	-.4079 (2.89)	4.0723 (1.70)	.2719 (.20)	.000863 (1.10)	-.000625 (.87)	.881
496	Net sales	-25.73 (1.15)	.02538 (4.03)	.6461 (.26)	.0253 (.02)	-3.701 (.37)	.000686 (.20)	.003110 (1.04)	.391
	Net local sales	-25.84 (1.15)	.02533 (4.05)	.5664 (.25)	.1120 (.11)	-3.913 (.38)	.000694 (.21)	.003101 (1.03)	.391

TABLE B-1

Equations Relating U.S. Manufacturing Affiliate Activity
in Developed Countries to Market Size and Foreign Affiliate Activity, 1970

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	$\overline{R}^2$
431	Net sales	14.353 (1.40)	.5187 (3.89)			.414
		-1.944 (.19)	.4598 (4.05)		4.625 (3.01)	.588
		5.742 (.42)		.0077 (3.23)		.320
		-3.592 (.27)		.0060 (2.58)	4.033 (2.12)	.426
	Net fixed assets	4.330 (1.38)	.0905 (2.21)			.162
		-.267 (.08)	.0739 (2.04)		1.305 (2.66)	.365
		3.176 (.79)		.0012 (1.79)		.099
		.227 (.06)		.0007 (1.08)	1.274 (2.31)	.266
432	Net sales	3.966 (.27)	.8241 (4.33)			.471
		-21.56 (1.34)		.015007 (5.24)		.570
		-17.07 (1.20)	.4260 (2.03)		7.439 (2.95)	.623
		-31.58 (2.22)		.009267 (2.91)	6.467 (2.82)	.685
	Net fixed assets	.4199 (.14)	.1640 (4.28)			.464
		-4.493 (1.36)		.002948 (5.02)		.547
		-3.949 (1.40)	.08133 (1.96)		1.545 (3.09)	.631
		-6.633 (2.31)		.001723 (2.68)	1.381 (2.98)	.680

(cont.)

TABLE B-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign- Owned Mfg. Affiliates	$\bar{R}^2$
433	Net sales	46.74 (1.04)	2.020 (3.45)			.354
		-16.75 (.33)		.03700 (4.06)		.436
		9.353 (.18)	1.520 (2.22)		2.835 (1.33)	.378
		-31.45 (.58)		.03061 (2.65)	1.959 (.91)	.431
	Net fixed assets	29.43 (1.25)	.7987 (2.61)			.224
		-10.29 (.42)	.017	.01797 (4.17)		.451
		13.78 (.49)	.5894 (1.61)		1.187 (1.04)	.228
		-12.12 (.46)		.01718 (3.08)	.2433 (.23)	.422
440	Net sales	-14.36 (.90)	.3969 (1.92)			.118
		1.911 (.10)		.007262 (2.15)		.153
		3.962 (.21)	.3297 (1.52)		3.930 (1.03)	.121
		-4.938 (.24)		.006128 (1.68)	3.396 (.88)	.143
	Net fixed assets	5.848 (.92)	.1682 (2.03)			.134
		1.004 (.14)		.003438 (2.63)		.228
		2.231 (.29)	.1448 (1.65)		1.367 (.88)	.124
		-2.970 (.37)		.003113 (2.19)	.9750 (.65)	.204

(cont.)

TABLE B-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	$\bar{R}^2$
450	Net sales	20.27 (.92)	.8567 (2.97)			.282
		-20.94 (.96)		.01896 (4.90)		.535
		-9.180 (.38)	.6514 (2.35)		2.019 (2.23)	.406
		-35.66 (1.61)		.01591 (3.97)	1.436 (1.84)	.586
	Net fixed assets	17.74 (1.05)	.2443 (1.11)			.011
		7.853 (.38)		.00498 (1.37)		.042
		-18.30 (1.31)	-.00703 (.04)		2.472 (4.72)	.533
		-17.66 (1.15)		-.00030 (.11)	2.489 (4.58)	.533
461	Net sales	4.571 ((.15)	1.9502 (4.89)			.534
		-1.250 (.03)		.02302 (2.71)		.241
		-18.31 (.66)	.9281 (1.82)		8.657 (2.72)	.651
		2.364 (.07)		-.00550 (.60)	14.437 (4.20)	.595
	Net fixed assets	1.104 (.15)	.4416 (4.52)			.492
		-3.164 (.29)		.00589 (3.06)		.295
		-3.955 (.56)	.2156 (1.66)		1.914 (2.36)	.591
		-2.460 (.28)		.00033 (.14)	2.813 (3.23)	.529

(cont.)

TABLE B-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	$\overline{R}^2$
463	Net sales	-44.67 (1.17)	4.315 (8.64)			.787
		-137.94 (2.59)		.0693 (7.33)		.725
		-62.36 (1.54)	3.992 (7.12)		43.82 (1.21)	.792
		-143.0 (2.63)		.0649 (5.72)	32.22 (.74)	.718
	Net fixed assets	-24.73 (1.50)	2.074 (9.66)			.822
		-66.90 (2.68)		.0327 (7.39)		.728
		-32.05 (1.83)	1.940 (8.02)		18.12 (1.16)	.825
		-69.11 (2.71)		.0308 (5.79)	14.06 (.68)	.720
471	Net sales	31.41 (1.60)	.3115 (1.22)			.024
		10.16 (.45)		.00833 (2.09)		.144
		-8.478 (.35)	-.04041 (.15)		4.965 (2.36)	.212
		-11.51 (.47)		.00294 (.60)	3.938 (1.75)	.227
	Net fixed assets	6.916 (1.90)	.0430 (.91)			.000
		4.150 (.96)		.001112 (1.45)		.052
		.2303 (.05)	-.0159 (.30)		.8323 (2.06)	.139
		.1149 (.02)		.000108 (.11)	.7337 (1.68)	.135

(cont.)

TABLE B-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	$\bar{R}^2$
473	Net sales	12.30 (.27)	2.300 (3.90)			.416
		-81.74 (1.91)		.04709 (6.21)		.653
		-22.23 (.40)	2.009 (3.09)		5.376 (1.04)	.419
		-111.49 (2.36)		.04341 (5.49)	5.070 (1.35)	.667
	Net fixed assets	4.465 (.50)	.4133 (3.57)			.370
		-11.99 (1.33)		.00836 (5.22)		.568
		-4.968 (.46)	.3341 (2.69)		1.468 (1.49)	.408
		-20.18 (2.10)		.00735 (4.56)	1.396 (1.82)	.615
481	Net sales	21.81 (.12)	7.741 (3.20)			.317
		-226.6 (1.06)		.1429 (3.78)		.399
		-71.01 (.32)	7.561 (3.08)		26.02 (.75)	.301
		-249.4 (1.05)		.1406 (3.52)	8.491 (.25)	.368
	Net fixed assets	-6.974 (.11)	2.736 (3.32)			.333
		-83.83 (1.12)		.0480 (3.60)		.374
		-30.38 (.39)	2.690 (3.19)		6.561 (.55)	.308
		-85.89 (1.03)		.0478 (3.39)	.7662 (.06)	.340

(cont.)

TABLE B-1 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	$\bar{R}^2$
482	Net sales	−1.228 (.18)	.2597 (2.94)			.276
		−9.137 (1.14)		.00470 (3.32)		.333
		−8.263 (1.31)	.2269 (2.97)		7.877 (2.82)	.470
		−12.92 (1.76)		.00385 (2.92)	6.853 (2.38)	.465
	Net fixed assets	−8.179 (.04)	.0730 (3.08)			.298
		−2.605 (1.27)		.00139 (3.81)		.404
		−1.942 (1.14)	.0643 (3.12)		2.083 (2.78)	.481
		−3.568 (1.89)		.00117 (3.45)	1.744 (2.35)	.518
491	Net sales	2.028 (.45)	.1117 (1.92)			.119
		−1.295 (.24)		.00200 (2.10)		.145
		2.160 (.42)	.1127 (1.82)		−.0370 (.06)	
		−.9282 (.16)		.002072 (2.01)	−.1402 (.21)	.100
	Net fixed assets	.766 (.48)	.0478 (2.31)			.179
		−.957 (.52)		.00092 (2.83)		.259
		.7717 (.42)	.04781 (2.17)		−.00167 (.01)	.133
		−.7974 (.40)		.000955 (2.70)	−.06102 (.27)	.221

(cont.)

TABLE B-1 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	$\bar{R}^2$
495	Net sales	-1.342 (.13)	.6624 (4.79)			.523
		-24.90 (2.47)		.01276 (7.14)		.714
		-7.895 (.65)	.6275 (4.44)		2.279 (1.08)	.527
		-23.15 (2.46)		.01136 (6.00)	-1.212 (.72)	.673
	Net fixed assets	.4817 (.11)	.2459 (4.36)			.474
		-9.202 (2.35)		.0050 (7.14)		.714
		-3.055 (.63)	.2270 (4.04)		1.230 (1.47)	.505
		-8.845 (2.17)		.005128 (6.23)	-.3130 (.43)	.701
496	Net sales	-.7827 (.03)	1.439 (4.30)			.467
		-36.49 (1.17)		.0242 (4.36)		.474
		-12.25 (.55)	.9030 (2.66)		17.12 (2.89)	.616
		-30.94 (1.12)		.01465 (2.39)	(6.46) (2.57)	.593
	Net fixed assets	.5796 (.07)	.3591 (3.33)			.335
		-5.439 (.51)		.0053 (2.83)		.259
		-2.641 (.35)	.2087 (1.81)		4.807 (2.39)	.467
		-3.631 (.38)		.00227 (1.06)	5.362 (2.40)	.407

TABLE B-2

Equations Relating U.S. Manufacturing Affiliate Activity in Developed Countries to Market Size, Foreign Affiliate Activity, Distance from the United States and Germany, and EEC Membership, 1970

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	Distance from		EEC Membership	$\overline{R}^2$
						U.S.	Germany		
461	Net sales	88.74 (.73)	.7614 (1.36)		12.03 (3.50)	-.029631 (.93)	.007812 (.97)	-107.18 (1.86)	.698
		102.35 (.89)		.01914 (1.45)	11.96 (3.57)	-.044336 (1.56)	.015079 (2.14)	-179.0 (2.21)	.702
	Net fixed assets	38.57 (1.15)	.1594 (1.03)		2.635 (2.77)	-.011018 (1.24)	.001242 (.56)	-17.19 (1.08)	.580
		43.92 (1.36)		.00322 (.86)	2.761 (2.92)	-.014313 (1.79)	.002687 (1.35)	-28.74 (1.26)	.572
463	Net sales	-121.83 (.79)	4.088 (7.18)		15.73 (.47)	.023778 (.61)	-.018349 (1.79)	96.92 (1.30)	.842
		-19.05 (.10)		.09201 (5.29)	15.48 (.37)	-.055198 (1.15)	.019860 (1.69)	-221.75 (1.66)	.756
	Net fixed assets	-44.69 (.71)	1.870 (8.05)		5.154 (.38)	.005425 (.34)	-.005330 (1.28)	69.29 (2.27)	.881
		4.309 (.05)		.04014 (4.96)	7.044 (.36)	-.030050 (1.34)	.011973 (2.19)	-64.87 (1.04)	.761

(cont.)

TABLE B-2 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	Distance from U.S.	Distance from Germany	EEC Membership	$\bar{R}^2$
473	Net sales	-24.35 (.14)	1.895 (2.79)		8.354 (1.73)	.005528 (.12)	-.023049 (1.91)	53.01 (.60)	.567
		-26.52 (.18)		.05984 (4.12)	5.248 (1.23)	-.025783 (.67)	-.003042 (.32)	-196.15	.691
	Net fixed assets	8.713 (.26)	.3002 (2.35)		2.179 (2.40)	-.002747 (.30)	-.003995 (1.77)	8.775 (.53)	.573
		9.696 (.32)		.00901 (3.02)	1.755 (2.00)	-.007815 (.99)	-.000883 (.45)	-27.85 (1.24)	.637
481	Net sales	-707.2 (.80)	9.634 (3.11)		37.28 (.90)	.190508 (.82)	-.082793 (1.37)	-360.1 (.74)	.258
		-717.7 (1.2)		.30291 (5.54)	28.89 (.96)	.009686 (.06)	.014221 (.35)	-1,653. (3.43)	.599
	Net fixed assets	-171.2 (.56)	3.452 (3.24)		12.38 (.87)	.044809 (.56)	-.026878 (1.30)	-156.6 (.94)	.265
		-168.2 (.75)		.10591 (5.55)	9.309 (.88)	-.019683 (.34)	.007707 (.54)	-601.9 (3.57)	.590

(cont.)

TABLE B-2 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	GDP	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	Distance from U.S.	Distance from Germany	EEC Membership	$\bar{R}^2$
482	Net sales	52.96 (2.03)	.1700 (2.13)		11.97 (3.95)	-.001617 (2.32)	.000748 (.48)	3.617 (.31)	.609
		57.51 (2.11)		.00332 (1.62)	11.71 (3.62)	-.019100 (2.68)	.002281 (1.51)	-5.848 (.34)	.566
	Net fixed assets	13.47 (1.94)	.04574 (2.15)		3.052 (3.78)	-.004093 (2.20)	.000203 (.49)	2.268 (.72)	.625
		14.26 (2.01)		.00101 (1.89)	2.948 (3.51)	-.004849 (2.61)	.000621 (1.58)	-1.019 (.23)	.603
496	Net sales	20.39 (.19)	1.1061 (2.69)		17.75 (2.48)	-.005291 (.72)	-.004421 (.16)	-56.709 (1.06)	.590
		27.10 (.35)		.03352 (4.88)	19.93 (4.02)	.005923 (1.22)	-.027605 (1.41)	-210.69 (3.80)	.765
	Net fixed assets	11.38 (.33)	.2649 (1.94)		6.028 (2.53)	-.000727 (.30)	-.002688 (.30)	-28.650 (1.61)	.458
		11.93 (.41)		.00841 (3.26)	6.467 (3.47)	.001975 (1.08)	-.008225 (1.20)	-67.718 (3.25)	.603

TABLE B-3

Equations Relating U.S. Manufacturing Affiliate Activity in Less Developed Countries
to Market Size, Foreign Affiliate Activity, and Distance from the United States and Germany

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	Distance from U.S.	Distance from Germany	$\overline{R}^2$
431		N O S I G N I F I C A N T C O E F F I C I E N T S					
432	Net sales	8.130 (.94)	.00369 (.67)				.000
		.5700 (.07)	.000135 (.03)	3.057 (2.32)			.157
		7.158 (.38)	−.000957 (.20)	3.083 (2.43)	−.00564 (2.35)	.00362 (1.55)	.294
	Net fixed assets	1.364 (.84)	.000680 (.66)				.000
		.0351 (.02)	.000056 (.06)	.5372 (2.15)			.131
		1.666 (.48)	−.000172 (.19)	.5344 (2.26)	−.00112 (2.50)	.000678 (1.56)	.293
433	Net sales	33.10 (1.67)	.00331 (.26)				.000
		34.05 (2.08)	−.02230 (1.69)	3.507 (3.20)			.284
		47.64 (1.18)	−.02296 (1.67)	3.407 (2.93)	−.00433 (.76)	.00164 (.30)	.226
	Net fixed assets	15.56 (1.35)	.00149 (.20)				.000
		16.23 (1.96)	−.01640 (2.46)	2.448 (4.41)			.455
		28.57 (1.40)	−.0168 (2.41)	2.368 (4.01	−.00132 (.46)	−.000604 (.22)	.408

(cont.)

TABLE B-3 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	Distance from U.S.	Germany	$\bar{R}^2$
450	Net sales	2.052 (.22)	.01062 (1.82)				.099
		1.270 (.14)	.00659 (.91)	.6168 (.94)			.094
		34.27 (1.85)	.00203 (.32)	.8495 (1.47)	-.00724 (2.70)	.00134 (.53)	.328
	Net fixed assets	-17.92 (3.57)	.02201 (6.87)				.688
		-18.86 (4.12)	.01716 (4.76)	.7438 (2.29)			.742
		-1.062 (.11)	.01496 (4.61)	.8396 (2.88)	-.00330 (2.43)	.00024 (.18)	.803
461-463	Net sales	7.738 (.47)	.00711 (.67)				.000
		1.157 (.11)	-.00948 (1.26)	6.3562 (5.36)			.570
		18.21 (.70)	-.01067 (1.35)	6.2720 (5.07)	-.002446 (.66)	-.000317 (.09)	.538
	Net fixed assets	3.617 (.47)	.00303 (.62)				.000
		.7165 (.13)	-.00428 (1.14)	2.8018 (4.71)			.500
		8.701 (.66)	-.00482 (1.21)	2.7611 (4.44)	-.000985 (.53)	-.000277 (.16)	.459
471	Net sales	8.212 (.96)	.003391 (.62)				.000
		3.546 (.42)	-.000534 (.10)	1.9000 (1.86)			.083
		34.09 (2.01)	-.003733 (.74)	2.1245 (2.32)	-.005725 (2.37)	.000413 (.18)	.287
	Net fixed assets	1.725 (.94)	.000731 (.63)				.000
		.4513 (.27)	-.000341 (.31)	.5188 (2.54)			.191
		4.800 (1.28)	-.000786 (.70)	.5480 (2.69)	-.000779 (1.46)	.000031 (.06)	.228

TABLE B-3 (cont.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	No. of Foreign- Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
					U.S.	Germany	
473	Net sales	6.920 (1.01)	.002929 (.67)				.000
		5.161 (.87)	-.006623 (1.31)	2.9494 (2.85)			.243
		17.87 (1.26)	-.008098 (1.49)	3.0904 (2.82)	-.001373 (.68)	-.000618 (.32)	.206
	Net fixed assets	2.603 (1.05)	.000762 (.48)				.000
		1.699 (1.06)	-.004150 (3.03)	1.5171 (5.38)			.567
		4.290 (1.14)	-.004350 (3.02)	1.4996 (5.14)	-.000744 (1.39)	.000250 (.48)	.568
481-482	Net sales	61.64 (1.02)	.01574 (.41)				.000
		31.38 (.52)	-.01990 (.47)	14.74 (1.68)			.046
		198.25 (1.49)	-.03598 (.84)	15.56 (1.80)	-.024420 (1.29)	-.003057 (.17)	.080
	Net fixed assets	14.87 (.81)	.00379 (.32)				.000
		3.730 (.21)	-.00933 (.75)	5.428 (2.11)			.109
		30.14 (.73)	-.01153 (.86)	5.486 (2.04)	-.002313 (.39)	-.001707 (.31)	.034
491	N O S I G N I F I C A N T C O E F F I C I E N T S						
495	Net sales	5.800 (.97)	.001929 (.50)				.000
		11.27 (2.27)	-.009578 (2.18)	7.7876 (3.61)			.353
		22.78 (2.09)	-.010350 (2.37)	7.6110 (3.50)	-.002231 (1.43)	.000227 (.15)	.372
	Net fixed assets	1.080 (.31)	.003227 (1.47)			.053	
		4.740 (1.92)	-.004466 (2.04)	5.2058 (4.85)			.554
		11.51 (2.16)	-.004865 (2.28)	5.0753 (4.76)	-.001161 (1.52)	.000010 (.01)	.581

(cont.)

TABLE B-3 (concl.)

Industry	U.S. Affiliate Activity Measure	Constant Term	14-Country Exports	No. of Foreign-Owned Mfg. Affiliates	Distance from		$\bar{R}^2$
					U.S.	Germany	
496	Net sales	1.574	.000826				.000
		(.77)	(.63)				
		.0573	.001146	3.485			.101
		(.03)	(.93)	(1.97)			
		5.344	.000713	3.971	−.000953	.000026	.153
		(1.23)	(.58)	(2.29)	(1.53)	(.04)	
	Net fixed assets	.1704	.001286				.000
		(.07)	(.83)				
		.1158	.001298	.1255			.000
		(.04)	(.81)	(.05)			
		5.103	.000865	.7159	−.001204	.000261	.000
		(.88)	(.53)	(.31)	(1.44)	(.34)	