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U.S. MERCHANDISE TRADE: *Imports & Exports by Related Parties; 1992*

The Bureau of the Census, Department of Commerce, announced today that in 1992 related party trade accounted for \$236.1 billion or 45 percent of the total annual import value of \$524.4 billion, and \$138.4 billion or 31 percent of the total annual export value of \$447.5 billion. "Related party trade" includes trade of the United States by U.S. companies from their subsidiaries abroad as well as trade by U.S. subsidiaries of foreign companies from their parent company.

The relationship of merchandise trade by related parties to total merchandise trade varies markedly among our major trading partners; from a high of 75 percent for imports from Japan and 45 percent for exports to Canada to a low of 11 percent for imports from China and 4 percent for exports to the former U.S.S.R. The ratios for Western Europe and the European Community are comparable to the 45 and 31 percent averages for all U.S. imports and exports. Taiwan and Korea are at the lower tier of related party trade at 16 and 27 percent for imports, and 10 and 11 percent for exports, respectively. Over half of the

imports from our North American trading partners consist of transactions between firms with some common ownership. Many of these related party imports come from U.S. plants located in Canada and Mexico.

Approximately 45 percent of the total trade between the U.S. and Canada is between related parties. Over 63 percent of the imports from Mexico are between related parties, partly due to extensive assembly services along the border. However, related party exports to Mexico are somewhat lower at 39 percent.

Exhibits 2,3,5, and 6 provide detailed data on the types of commodities involved and their relative importance. For example, road vehicles, office and automated data processing machines, and electrical machinery are three of the top five imported and exported commodity groupings. The related party trade for these commodities is extremely high; ranging from 47 to 82 percent.

The five leading U.S. imports from the world, including road vehicles (14.5%), petroleum and related products (9.4%), electrical machinery (7.5%), office and automated data processing machines (6.9%), and articles of apparel and clothing accessories (5.9%) account for 44 percent or \$231.5 billion of the total import value. The related party trade for petroleum products and apparel is much lower than for the other commodities at 24 and 12 percent.

The five leading U.S. exports to the world, including transportation equipment (8.5%), road vehicles (8.2%), electrical machinery (7.2%), office and automated data processing machines (6%), and miscellaneous manufactured articles (4.8%) account for 35 percent or \$154.9 billion of the total export value. The related party trade for transportation equipment and miscellaneous manufactured products is much lower than for the other commodities at 11 and 27 percent.