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U.S. GOODS TRADE: Imports & Exports by Related Parties; 1994

The Bureau of the Census, Department of Commerce, announced today that in 1994 related party trade accounted for \$305.3 billion or 46 percent of the total annual import value of \$657.9 billion, and \$165.1 billion or 32 percent of the total annual export value of \$512.7 billion. "Related party trade" includes trade by U.S. companies with their subsidiaries abroad as well as trade by U.S. subsidiaries of foreign companies with their parent company.

The relationship of goods trade by related parties to total goods trade varies markedly among our major trading partners; from a high of 76 percent for imports from Japan and 44 percent for exports to both Canada and Mexico to a low of 13 percent for imports from China and 6 percent for exports to China. The ratios for Western Europe and the European Union are comparable to the 45 and 32 percent averages for all U.S. imports and exports. Taiwan and Korea are at the lower tier of related party trade at 19 and 38 percent for imports, and 12 and 11 percent each 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. owned plants located in Canada and Mexico.

Approximately 44 percent of the total trade between the United States and Canada is between related parties. Over 69 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 44 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 51 to 82 percent.

The five leading U.S. imports from the world, including road vehicles (15.1% of the total import value), electrical machinery (8.6%), office and automated data processing machines (7.9%), petroleum and related products (7.4%), and articles of apparel and clothing accessories (5.6%) account for 45 percent or \$293.6 billion of the total import value. The related party trade for petroleum products and apparel is much lower than for the other commodities at 23 and 13 percent.

The five leading U.S. exports to the world, including road vehicles (8.8% of the total export value), electrical machinery (8.6%), transportation equipment (6.0%), office and automated data processing machines (6.0%), and miscellaneous manufactured articles (4.8%) account for 34 percent or \$175.5 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 10 and 26 percent.