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For information contact:  
Bureau of the Census:  
Michael P. Risha (301) 457-3252



### **U.S. GOODS TRADE: Imports & Exports by Related Parties; 1997**

The Bureau of the Census, Department of Commerce, announced today that in 1997 related party trade accounted for \$396.6 billion or 46 percent of the total annual import value of \$862.4 billion, and \$217.6 billion or 32 percent of the total annual export value of \$687.6 billion. The related party trade for 1996 was 47 percent for imports and 32 percent for exports. "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 71 percent for imports from Japan and 46 percent for exports to Mexico to a low of 16 percent for imports from China and 7 percent for exports to China. The ratios for Western Europe and the European Union are comparable to the 47 and 32 percent averages for all U.S. imports and exports. Taiwan and Korea are at the lower tier of related party trade at 22 and 43 percent for imports, and 13 percent and 12 percent respectively for exports. 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 43 percent of the total trade between the United States and Canada is between related parties. Over 65 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 46 percent.

Exhibits 2, 3, 5, and 6 provide detailed data on the types of commodities traded and their relative importance. For example, road vehicles, office and automated data

processing machines, and electrical machinery are the top three imported and exported commodity groupings. The related party trade for these commodities is extremely high; ranging from 45 to 81 percent.

The five leading U.S. imports from the world, including motor vehicles and parts (13.4% of the total import value), electrical machinery (9.2%), office and automated data processing machines (8.7%) petroleum and petroleum products (7.0%), and articles of apparel and clothing accessories (5.6%) account for 44 percent or \$378.8 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 15 percent.

The five leading U.S. exports to the world, including electrical machinery (9.6% of the total export value), motor vehicles and parts (8.0%), automated data processing machines (6.3%), transportation equipment (6.1%), and general industrial machinery account for 35 percent or \$237.4 billion of the total export value. The related party trade for transportation equipment and general industrial machinery is much lower than for the other commodities at 11 and 26 percent.