Comments on the

OECD Analytical AMNE database

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WPIA-WPTC workshop

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OECD AMNE database will be a great resource for scholars, students, and policy makers.
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- OECD’s organizational infrastructure will be helpful to maintain and update the data
Contribution #1: A matrix of foreign affiliate sales

- Output by country of ownership, country of production, industry, and year
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- Output by country of ownership, country of production, industry, and year
- 44 countries, 43 industries, years 2000-2014
- Contribution: Previously researchers had to go to several different sources to assemble these data. Very useful to integrate these data into one database
Contribution #2: Accounting for foreign-owned firms in the input-output matrix

Another key contribution.
Suggestion: Offer also an alternative cut of the data. Reduce sectors to intermediate and final goods, keep country of origin
How do firms serve foreign markets?

Foreign sales, manufacturing affiliates of US firms: $1,817 bln

Exports of goods from US: $1,037 bln

Sources: BEA and US Census
Which firms serve foreign markets?

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The effects of foreign MNEs on the host country

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  - Technology frontier
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- More recently: a wave of foreign investment from BRIC countries, which is more likely to be knowledge-seeking
Foreign affiliates and market access

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  - Cosar, Grieco, Li, and Tintelnot (2018): For consumer goods, demand effect much more important than effect on cost
  - Increase in variable profits due to establishing local manufacturing in large markets for passenger cars: About 1/3 of profit increase is coming from the cost effect, about 2/3 from the demand effect
Conclusion

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- Activities similar to those of foreign affiliates (e.g., technology transfers, integration of production across countries) also happen outside the boundary of the firm (e.g., licensing, or Nike paying independent contractors to manufacture shoes abroad).