

Appendix A: Glossary

Affiliate

A business operation that is established through direct investment by individuals or corporations based in a foreign country. In the U.S. trade accounts, a foreign affiliate is defined as a business establishment in which a foreign individual or corporation owns or controls, directly or indirectly, 10 percent or more of the voting securities of an incorporated business enterprise (or an equivalent interest in an unincorporated business enterprise). In the United States, foreign affiliates are a product of FDIUS; U.S. affiliates operating abroad are a product of USDIA.

Affiliated trade

International trade among firms within the same MNE group. Also called intrafirm trade (IFT).

AG

Aktiengesellschaft. A publicly held firm with limited liability in Germany.

APEC

Asian Pacific Economic Cooperation.

ANBERD

The OECD's principal database on business R&D expenditures.

ATP

The Advanced Technology Program, under the National Institute of Standards and Technology, U.S. Department of Commerce.

BEA

Bureau of Economic Analysis, U.S. Department of Commerce.

BERD

Business expenditures on research and development.

CFIUS

Committee on Foreign Investment in the United States.

CNT

Conditional national treatment.

CEO

Chief Executive Officer.

Corporate governance

The rules and norms that guide internal relationships among the various stakeholders in a business enterprise. These stakeholders typically include owners, directors, managers, creditors, suppliers, employees, and customers.

CRADA

Cooperative Research and Development Agreements between private industry and U.S. government agencies.

DIA

Direct investment abroad.

Distributor keiretsu

A type of cooperative business arrangement in which the manufacturer controls its distribution system through a combination of equity relationships, low-cost capital, and rebates. This enables it to reduce price competition among its distributors and can prevent competitors' goods from being sold in the same store.

EU

The European Union, formerly the European Community.

FDI

Foreign direct investment. In the United States, FDI is defined by the International Investment and Trade in Services Act as the ownership by a foreign person or corporation of 10 percent or more of the voting equity of a firm located in the United States.

FDIUS

Foreign direct investment in the United States.

Foreign affiliate

A subsidiary of a foreign corporation. See also affiliate.

GATT

General Agreement on Tariffs and Trade.

GERD

Gross expenditures on research and development.

GmbH

Gesellschaft mit beschaenkten Haftung. A privately held German firm with limited liability.

Horizontal keiretsu

A type of cooperative business arrangement characterized by large groups of companies tied together through such institutions as stable cross-shareholding agreements, president councils, and a common commercial bank, trust bank, insurance company, and trading company.

IFT

Intrafirm trade. Cross-border trade among firms within the same MNE group of companies.

Inward direct investment

Direct investment made in a country by residents and legal entities located outside the host country. Equivalent to foreign direct investment (FDI).

IRS

Internal Revenue Service.

Keiretsu

The cooperative arrangements formed by Japanese companies to reduce the risks of commercial activity. Also see horizontal keiretsu and vertical keiretsu.

Majority-owned affiliate

An affiliate in which foreign investors own or control, directly or indirectly, more than 50 percent of the voting securities of an incorporated business enterprise (or an equivalent interest in an unincorporated business enterprise). Compare with affiliate.

MNC

Multinational corporation.

MNE

Multinational enterprise.

MOSS

Market-Oriented, Sector-Specific trade talks between the United States and Japan.

NAFTA

North American Free Trade Agreement.

NSTC

National Science and Technology Council.

OECD

Organisation for Economic Co-operation and Development.

OSTP

Office of Science and Technology Policy.

OTA

Office of Technology Assessment.

Outward investment

Direct investment made by individuals and corporations outside the country in which they reside.

PNGV

Partnership for a New Generation of Vehicles. Also known as the Clean Car Initiative.

PPP

Purchasing power parity.

R&D)

Research and Development.

R&D intensity

Research and development as a percentage of total sales.

SEC

Securities and Exchange Commission.

SII

Structural Impediments Initiative trade talks between the United States and Japan.

STI

Science and Technology Indicators, an OECD database.

Supplier keiretsu

A type of cooperative business arrangement characterized by a vertical organization, with the manufacturer at the apex and a series of lower tiers consisting of smaller and more specialized firms.

Technology trade

Cross-border royalty and license fee transactions representing sales and purchases of intellectual property.

Triad

The three major regional centers of industrial, technical, and scientific capability, centered on the United States, the advanced industrial economies of Europe, and Japan.

TRIMs

Trade Related Investment Measures.

TRIPs

Trade Related Aspects of Intellectual Property Rights.

UBO

Ultimate Beneficial Owner.

U.K.

United Kingdom of Great Britain and Northern Ireland.

Unaffiliated trade

Trade conducted among firms with no common ownership. Also known as arms-length trade. Compare with affiliated trade or IFT.

Universal banks

Banks that are able to engage in all types of financial transactions under one roof, including the holding of a controlling interest in their customers.

USDIA

U.S. direct investment abroad.

USTR

Office of the United States Trade Representative.

Vertical keiretsu

A form of cooperative business arrangement used by Japanese manufacturing firms to organize their supplier and distribution systems. See supplier keiretsu and distributor keiretsu.

WTO

World Trade Organization.