Comparisons for the U.S. and Japan serve to illustrate the extent of FDI-related trade. The U.S. is characterized with a large overseas network of foreign-owned firms but a smaller exports-to-GDP share than Japan. Both the U.S. and Japan have similar imports-to-GDP shares, but the U.S. hosts many more foreign-owned firms than Japan. For the U.S., 55 percent of its exports are FDI-related arising from 32 percent of U.S. exports going to U.S.-owned firms abroad and 23 percent of U.S. exports going from foreign-owned firms in the U.S. to their home country. For Japan, 41 percent of its exports are FDI-related, due to 38 percent of Japanese exports going to Japanese-owned firms abroad and only 3 percent of Japanese exports going from foreign-owned firms in Japan to their home country. On the import side, 18 percent of U.S. imports come from U.S.-owned firms abroad and 34 percent of imports are from foreign-owned firms in the U.S. receiving goods from their home country for a FDI-related import share of 52 percent. For Japan, the percentages are 40 percent and 17 percent, respectively, totaling a 57 percent FDI-related import share. Although distinctly different as hosts of foreign-owned firms and international investors, FDI-related trade accounts for about half of total trade in both the U.S. and Japan.[11]

Table 2 shows the percentages of U.S. imports from selected countries and regions that originate form U.S.-owned firms in the exporting country.

Table 2

U.S. IMPORTS FROM U.S.-OWNED FIRMS ABROAD (1986)

(Percentage of Total U.S. Imports From Each Region)

Canada	43
Japan	9
Europe	11
Australia, New Zealand and South Africa	14
Latin America	19
Other Africa (including Middle East)	22
Other Asia and Pacific	12

Source: U.S. Dept. of Commerce, Julius (1990)

As shown in Table 2, Canadian exports to the U.S. from U.S.-owned firms account for over 43 percent of total U.S. imports from Canada. The main factor explaining the high percentage is the impact of the Canada-U.S. Automotive Agreement on bilateral trade flows. However, the table also illustrates the significance of FDI-related trade to U.S. imports.

[11] *D. Julius, Global Companies and Public Policy, 1990, p.74.*