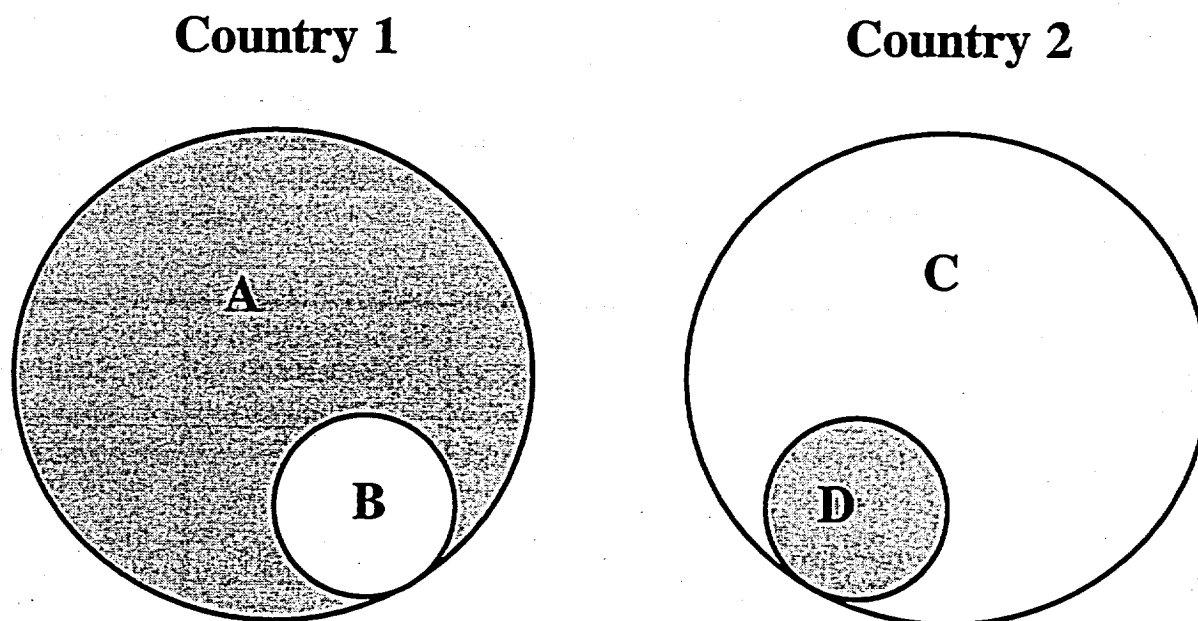


Shipments from Foreign-owned firms (B) to
Foreign-owned firms in Country 2 (D).

BD

Figure 1: A Two-Country World With Foreign-Owned Firms



where A = Country 1: Domestically-owned firms and consumers
B = Country 1: Foreign-owned firms
C = Country 2: Domestically-owned firms and consumers
D = Country 2: Foreign-owned firms

Source: Julius (1990)

The exports for Country 1 on an ownership basis would include all foreign sales by A and D, thus:

EXPORTS =	Shipments from domestically-owned firms and consumers (A) to	
(Country 1,	Domestically-owned firms and consumers in Country 2 (C) plus	AC +
Ownership)		
	Shipments from domestically-owned firms and consumers (A) to	
	Foreign-owned firms in Country 1 (B) plus	AB +
	Shipments from Foreign-owned firms in Country 2 (D) to	
	Domestically-owned firms and consumers in Country 2 (C) plus	DC +