

J.5. Export and import propensity of foreign affiliates

■ Affiliates under foreign control engage not only in serving local markets in the host country but often also serve other (neighbouring) markets. In addition, they produce inputs for other affiliates in the multinational network. This intra-firm trade involves the export and import of nearly finished goods destined for affiliate firms that are mainly involved in marketing and distribution but engage in little additional manufacturing processing.

■ Another and growing part of intra-firm trade concerns exports and imports by foreign affiliates that manufacture intermediate products destined for other affiliates. This is directly related to the globalisation of value chains.

■ As a result, the export and import propensities of foreign affiliates are in many cases greater than those of the average domestic firm, especially in manufacturing. In Ireland, for example, over 90% of the manufacturing output of foreign affiliates is exported. In Estonia, Israel, Finland, Sweden and Poland, the proportion is over 50%.

■ In the majority of countries, the import propensity of affiliates under foreign control in manufacturing is

lower than their export propensity. However, in the services sector, all affiliates under foreign control have significantly greater propensities to import than to export.

■ Export propensities in services are significantly smaller than in manufacturing industries. This seems to suggest that the local market is more important for services activities. Services are typically more difficult to export than goods, although the international transferability of services has increased lasting recent years.

Sources

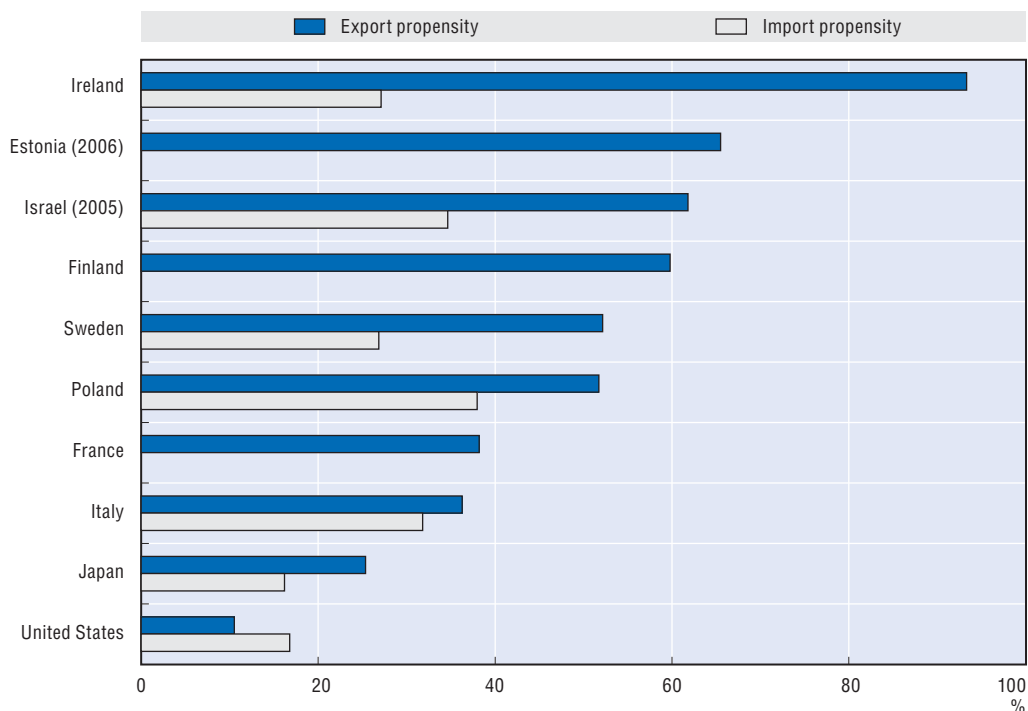
- OECD, *AFA Database*, December 2009.
- OECD, *FATS Database*, December 2009.

For further reading

- OECD (1994), *The Performance of Foreign Affiliates in OECD Countries*, OECD, Paris.
- OECD (2005), *Measuring Globalisation: OECD Handbook on Economic Globalisation Indicators*, OECD, Paris, www.oecd.org/sti/measuring-globalisation.

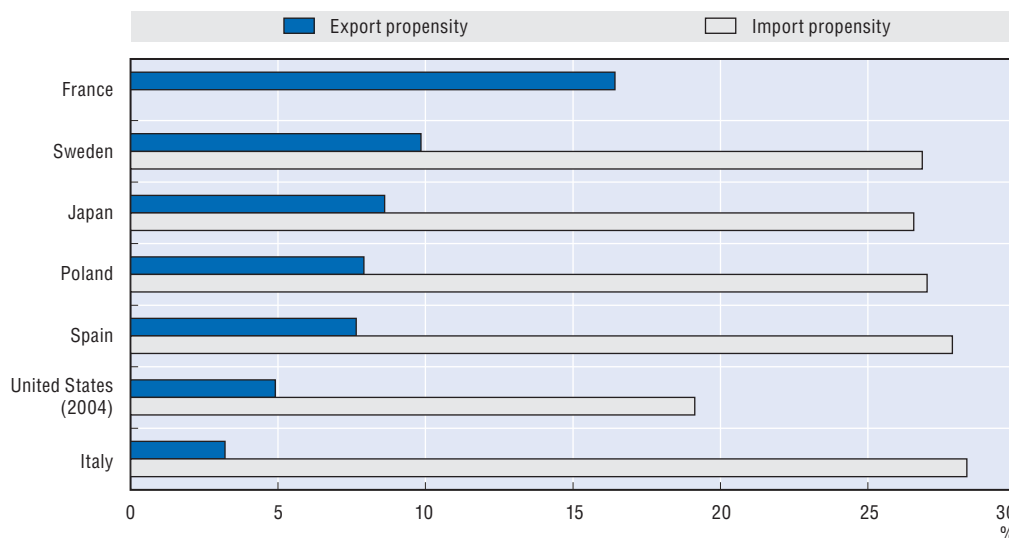
J.5. Export and import propensity of foreign affiliates

Figure J.5.1. Export and import propensity¹ of foreign affiliates in manufacturing, 2007



StatLink <http://dx.doi.org/10.1787/844773477758>

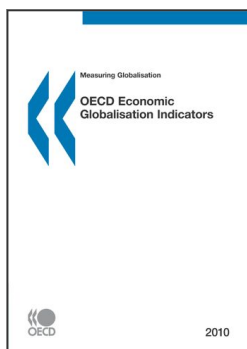
Figure J.5.2. Export and import propensity¹ of foreign affiliates in services, 2006



StatLink <http://dx.doi.org/10.1787/844845211314>

1. Exports and imports as a percentage of turnover. For the United States, Japan, Italy, Sweden, Israel and Italy, trade in goods only.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.



From:
Measuring Globalisation: OECD Economic Globalisation Indicators 2010

Access the complete publication at:
<https://doi.org/10.1787/9789264084360-en>

Please cite this chapter as:

OECD (2010), "Export and import propensity of foreign affiliates", in *Measuring Globalisation: OECD Economic Globalisation Indicators 2010*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264084360-73-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.