

Box IV.1. Are some TNCs bigger than countries?

There is no doubt that TNCs have been growing in size at rates exceeding those of many economies. The sales of the 500 largest firms in the world nearly tripled between 1990 and 2001,^a while world GDP in current prices increased 1.5 times between these two years. UNCTAD's 100 TNCs also increased their total sales, from \$3.2 trillion to almost \$4.8 trillion between 1990 and 2000.

The size of large TNCs is sometimes compared to that of countries' economies, as an indicator of the influence that the former have in the world economy. According to one comparison of the sales volume of firms with the GDP of countries, the sales of the top 200 firms accounted for 27.5 per cent of world GDP in 1999 (Anderson and Cavanagh, 2000). Of the 50 largest "economies", 14 were TNCs and 36 were countries.

However, a comparison of the sales of firms with the GDP of countries is conceptually flawed, as GDP is a value-added measure and sales are not. A comparable yardstick requires that sales be recalculated as value added. For firms, value added can be estimated as the sum of salaries and benefits, depreciation and amortization, and pre-tax income (De Grauwe and Camerman, 2002). Based on this measure, the world's largest TNC was ExxonMobil, with an estimated \$63 billion in value added in 2000; it ranked 45th in a combined list of countries and non-financial companies (box table IV.1.1). The size of this company equals the size of the economies of Chile or Pakistan in terms of value added. In the top 100 of a combined country-company list for 2000, there were 29 TNCs; half of the largest value-added entities ranked between 51 and 100 were individual firms (box table IV.1.1).

Box table IV.1.1. How large are the top TNCs vis-à-vis economies in 2000?
(Billions of dollars)

Rank	Name of TNC/economy	Value ^a added	Rank	Name of TNC/economy	Value ^a added	Rank	Name of TNC/economy	Value ^a added
1	United States	9 810	34	Greece	113	67	Libyan Arab Jamahiriya	31
2	Japan	4 765	35	Israel	110	68	BP	30
3	Germany	1 866	36	Portugal	106	69	Wal-Mart Stores	30 ^c
4	United Kingdom	1 427	37	Iran, Islamic Republic of	105	70	IBM	27 ^b
5	France	1 294	38	Egypt	99	71	Volkswagen	24
6	China	1 080	39	Ireland	95	72	Cuba	24
7	Italy	1 074	40	Singapore	92	73	Hitachi	24 ^b
8	Canada	701	41	Malaysia	90	74	TotalFinaElf	23
9	Brazil	595	42	Colombia	81	75	Verizon Communications	23 ^d
10	Mexico	575	43	Philippines	75	76	Matsushita Electric Industrial	22 ^b
11	Spain	561	44	Chile	71	77	Mitsui & Company	20 ^c
12	Korea, Republic of	457	45	ExxonMobil	63 ^b	78	E.On	20
13	India	457	46	Pakistan	62	79	Oman	20
14	Australia	388	47	General Motors	56 ^b	80	Sony	20 ^b
15	Netherlands	370	48	Peru	53	81	Mitsubishi	20 ^c
16	Taiwan Province of China	309	49	Algeria	53	82	Uruguay	20
17	Argentina	285	50	New Zealand	51	83	Dominican Republic	20
18	Russian Federation	251	51	Czech Republic	51	84	Tunisia	19
19	Switzerland	239	52	United Arab Emirates	48	85	Philip Morris	19 ^b
20	Sweden	229	53	Bangladesh	47	86	Slovakia	19
21	Belgium	229	54	Hungary	46	87	Croatia	19
22	Turkey	200	55	Ford Motor	44	88	Guatemala	19
23	Austria	189	56	DaimlerChrysler	42	89	Luxembourg	19
24	Saudi Arabia	173	57	Nigeria	41	90	SBC Communications	19 ^d
25	Denmark	163	58	General Electric	39 ^b	91	Itochu	18 ^c
26	Hong Kong, China	163	59	Toyota Motor	38 ^b	92	Kazakhstan	18
27	Norway	162	60	Kuwait	38	93	Slovenia	18
28	Poland	158	61	Romania	37	94	Honda Motor	18 ^b
29	Indonesia	153	62	Royal Dutch/Shell	36	95	Eni	18
30	South Africa	126	63	Morocco	33	96	Nissan Motor	18 ^b
31	Thailand	122	64	Ukraine	32	97	Toshiba	17 ^b
32	Finland	121	65	Siemens	32	98	Syrian Arab Republic	17
33	Venezuela	120	66	Viet Nam	31	99	GlaxoSmithKline	17
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Source: UNCTAD.

^a GDP for countries and value added for TNCs. Value added is defined as the sum of salaries, pre-tax profits and depreciation and amortisation.

^b Value added is estimated by applying the 30 per-cent share of value added in the total sales, 2000, of 66 manufacturers for which the data were available.

^c Value added is estimated by applying the 16 per-cent share of value added in the total sales, 2000, of 7 trading companies for which the data on value added were available.

^d Value added is estimated by applying the 37 per-cent share of value added in the total sales, 2000, of 22 other tertiary companies for which the data on value added were available.

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