



Glossary

A

absolute form of purchasing power parity theory that explains how inflation differentials affect exchange rates. It suggests that prices of two products of different countries should be equal when measured by a common currency.

accounts receivable financing indirect financing provided by an exporter for an importer by exporting goods and allowing for payment to be made at a later date.

advising bank corresponding bank in the beneficiary's country to which the issuing bank sends the letter of credit.

agency problem conflict of goals between a firm's shareholders and its managers.

airway bill receipt for a shipment by air, which includes freight charges and title to the merchandise.

all-in-rate rate used in charging customers for accepting banker's acceptances, consisting of the discount interest rate plus the commission.

American depository receipts (ADRs) certificates representing ownership of foreign stocks, which are traded on stock exchanges in the United States.

appreciation increase in the value of a currency.

arbitrage action to capitalize on a discrepancy in quoted prices; in many cases, there is no investment of funds tied up for any length of time.

Asian dollar market market in Asia in which banks collect deposits and make loans denominated in U.S. dollars.

ask price price at which a trader of foreign exchange (typically a bank) is willing to sell a particular currency.

assignment of proceeds arrangement that allows the original beneficiary of a letter of credit to pledge or assign proceeds to an end supplier.

B

balance of payments statement of inflow and outflow payments for a particular country.

balance of trade difference between the value of merchandise exports and merchandise imports.

balance on goods and services balance of trade, plus the net amount of payments of interest and dividends to foreign investors and from investment, as well as receipts and

payments resulting from international tourism and other transactions.

Bank for International Settlements (BIS) institution that facilitates cooperation among countries involved in international transactions and provides assistance to countries experiencing international payment problems.

Bank Letter of Credit Policy policy that enables banks to confirm letters of credit by foreign banks supporting the purchase of U.S. exports.

banker's acceptance bill of exchange drawn on and accepted by a banking institution; it is commonly used to guarantee exporters that they will receive payment on goods delivered to importers.

barter exchange of goods between two parties without the use of any currency as a medium of exchange.

Basel Accord agreement among country representatives in 1988 to establish standardized risk-based capital requirements for banks across countries.

bid price price that a trader of foreign exchange (typically a bank) is willing to pay for a particular currency.

bid/ask spread difference between the price at which a bank is willing to buy a currency and the price at which it will sell that currency.

bilateral netting system netting method used for transactions between two units.

bill of exchange (draft) promise drawn by one party (usually an exporter) to pay a specified amount to another party at a specified future date, or upon presentation of the draft.

bill of lading (B/L) document serving as a receipt for shipment and a summary of freight charges and conveying title to the merchandise.

Bretton Woods Agreement conference held in Bretton Woods, New Hampshire, in 1944, resulting in an agreement to maintain exchange rates of currencies within very narrow boundaries; this agreement lasted until 1971.

C

call see *currency call option*.

call option on real assets project that contains an option of pursuing an additional venture.

capital account account reflecting changes in country ownership of long-term and short-term financial assets.

- carryforwards** tax losses that are applied in a future year to offset income in the future year.
- cash management** optimization of cash flows and investment of excess cash.
- central exchange rate** exchange rate established between two European currencies through the European Monetary System arrangement; the exchange rate between the two currencies is allowed to move within bands around that central exchange rate.
- centralized cash flow management** policy that consolidates cash management decisions for all MNC units, usually at the parent's location.
- coefficient of determination** measure of the percentage variation in the dependent variable that can be explained by the independent variables when using regression analysis.
- cofinancing agreements** arrangement in which the World Bank participates along with other agencies or lenders in providing funds to developing countries.
- commercial invoice** exporter's description of merchandise being sold to the buyer.
- commercial letters of credit** trade-related letters of credit.
- comparative advantage** theory suggesting that specialization by countries can increase worldwide production.
- compensation** arrangement in which the delivery of goods to a party is compensated for by buying back a certain amount of the product from that same party.
- Compensatory Financing Facility (CFF)** facility that attempts to reduce the impact of export instability on country economies.
- consignment** arrangement in which the exporter ships goods to the importer while still retaining title to the merchandise.
- contingency graph** graph showing the net profit to a speculator in currency options under various exchange rate scenarios.
- counterpurchase** exchange of goods between two parties under two distinct contracts expressed in monetary terms.
- countertrade** sale of goods to one country that is linked to the purchase or exchange of goods from that same country.
- country risk** characteristics of the host country, including political and financial conditions, that can affect an MNC's cash flows.
- covered interest arbitrage** investment in a foreign money market security with a simultaneous forward sale of the currency denominating that security.
- cross exchange rate** exchange rate between currency A and currency B, given the values of currencies A and B with respect to a third currency.
- cross-border factoring** factoring by a network of factors across borders. The exporter's factor can contact correspondent factors in other countries to handle the collections of accounts receivable.
- cross-hedging** hedging an open position in one currency with a hedge on another currency that is highly correlated with the first currency. This occurs when for some reason the common hedging techniques cannot be applied to the first currency. A cross-hedge is not a perfect hedge, but can substantially reduce the exposure.
- cross-sectional analysis** analysis of relationships among a cross section of firms, countries, or some other variable at a given point in time.
- currency board** system for maintaining the value of the local currency with respect to some other specified currency.
- currency call option** contract that grants the right to purchase a specific currency at a specific price (exchange rate) within a specific period of time.
- currency cocktail bond** bond denominated in a mixture (or cocktail) of currencies.
- currency diversification** process of using more than one currency as an investing or financing strategy. Exposure to a diversified currency portfolio typically results in less exchange rate risk than if all of the exposure was in a single foreign currency.
- currency futures contract** contract specifying a standard volume of a particular currency to be exchanged on a specific settlement date.
- currency option combination** the use of simultaneous call and put option positions to construct a unique position to suit the hedger's or speculator's needs. Two of the most popular currency option combinations are *straddles* and *strangles*.
- currency put option** contract granting the right to sell a particular currency at a specified price (exchange rate) within a specified period of time.
- currency swap** agreement to exchange one currency for another at a specified exchange rate and date. Banks commonly serve as intermediaries between two parties who wish to engage in a currency swap.
- current account** broad measure of a country's international trade in goods and services.

D

- Delphi technique** collection of independent opinions without group discussion by the assessors who provide the opinions; used for various types of assessments (such as country risk assessment).
- dependent variable** term used in regression analysis to represent the variable that is dependent on one or more other variables.
- depreciation** decrease in the value of a currency.
- devaluation** a downward adjustment of the exchange rate by a central bank.
- devalue** to reduce the value of a currency against the value of other currencies.
- direct foreign investment (DFI)** investment in real assets (such as land, buildings, or even existing plants) in foreign countries.
- Direct Loan Program** program in which the Ex-Im Bank offers fixed rate loans directly to the foreign buyer to purchase U.S. capital equipment and services.
- direct quotations** exchange rate quotations representing the value measured by number of dollars per unit.
- discount** as related to forward rates, represents the

percentage amount by which the forward rate is less than the spot rate.

documentary collections trade transactions handled on a draft basis.

documents against acceptance situation in which the buyer's bank does not release shipping documents to the buyer until the buyer has accepted (signed) the draft.

documents against payment shipping documents that are released to the buyer once the buyer has paid for the draft.

dollarization replacement of a foreign currency with U.S. dollars.

double-entry bookkeeping accounting method in which each transaction is recorded as both a credit and a debit.

draft (bill of exchange) unconditional promise drawn by one party (usually the exporter) instructing the buyer to pay the face amount of the draft upon presentation.

dumping selling products overseas at unfairly low prices (a practice perceived to result from subsidies provided to the firm by its government).

dynamic hedging strategy of hedging in those periods when existing currency positions are expected to be adversely affected, and remaining unhedged in other periods when currency positions are expected to be favorably affected.

E

economic exposure degree to which a firm's present value of future cash flows can be influenced by exchange rate fluctuations.

economies of scale achievement of lower average cost per unit by means of increased production.

effective yield yield or return to an MNC on a short-term investment after adjustment for the change in exchange rates over the period of concern.

efficient frontier set of points reflecting risk-return combinations achieved by particular portfolios (so-called efficient portfolios) of assets.

equilibrium exchange rate exchange rate at which demand for a currency is equal to the supply of the currency for sale.

Eurobanks commercial banks that participate as financial intermediaries in the Eurocurrency market.

Eurobonds bonds sold in countries other than the country represented by the currency denominating them.

Euro-clear telecommunications network that informs all traders about outstanding issues of Eurobonds for sale.

Euro-commercial paper debt securities issued by MNCs for short-term financing.

Eurocredit loans loans of one year or longer extended by Eurobanks.

Eurocredit market collection of banks that accept deposits and provide loans in large denominations and in a variety of currencies. The banks that comprise this market are the same banks that comprise the Eurocurrency market; the difference is that the Eurocredit loans are longer term than so-called Eurocurrency loans.

Eurocurrency market collection of banks that accept deposits and provide loans in large denominations and in a variety of currencies.

Eurodollar term used to describe U.S. dollar deposits placed in banks located in Europe.

Euronotes unsecured debt securities issued by MNCs for short-term financing.

European Central Bank (ECB) central bank created to conduct the monetary policy for the countries participating in the single European currency, the euro.

European Currency Unit (ECU) unit of account representing a weighted average of exchange rates of member countries within the European Monetary System.

exchange rate mechanism (ERM) method of linking European currency values with the European Currency Unit (ECU).

exercise price (strike price) price (exchange rate) at which the owner of a currency call option is allowed to buy a specified currency; or the price (exchange rate) at which the owner of a currency put option is allowed to sell a specified currency.

Export-Import Bank (Ex-Im Bank) bank that attempts to strengthen the competitiveness of U.S. industries involved in foreign trade.

F

factor firm specializing in collection on accounts receivable; exporters sometimes sell their accounts receivable to a factor at a discount.

factor income income (interest and dividend payments) received by investors on foreign investments in financial assets (securities).

factoring purchase of receivables of an exporter by a factor without recourse to the exporter.

Financial Institution Buyer Credit Policy policy that provides insurance coverage for loans by banks to foreign buyers of exports.

Fisher effect theory that nominal interest rates are composed of a real interest rate and anticipated inflation.

fixed exchange rate system monetary system in which exchange rates are either held constant or allowed to fluctuate only within very narrow boundaries.

floating rate notes (FRNs) provision of some Eurobonds in which the coupon rate is adjusted over time according to prevailing market rates.

foreign bond bond issued by a borrower foreign to the country where the bond is placed.

foreign exchange market market composed primarily of banks, serving firms and consumers who wish to buy or sell various currencies.

foreign investment risk matrix (FIRM) graph that displays financial and political risk by intervals, so that each country can be positioned according to its risk ratings.

forfeiting method of financing international trade of capital goods.

forward contract agreement between a commercial bank and a client about an exchange of two currencies to be made at a future point in time at a specified exchange rate.

forward discount percentage by which the forward rate is less than the spot rate; typically quoted on an annualized basis.

forward premium percentage by which the forward rate exceeds the spot rate; typically quoted on an annualized basis.

forward rate rate at which a bank is willing to exchange one currency for another at some specified date in the future.

franchising agreement by which a firm provides a specialized sales or service strategy, support assistance, and possibly an initial investment in the franchise in exchange for periodic fees.

freely floating exchange rate system monetary system in which exchange rates are allowed to move due to market forces without intervention by country governments.

full compensation an arrangement in which the delivery of goods to one party is fully compensated for by buying back more than 100 percent of the value that was originally sold.

fundamental forecasting forecasting based on fundamental relationships between economic variables and exchange rates.

G

General Agreement on Tariffs and Trade (GATT) agreement allowing for trade restrictions only in retaliation against illegal trade actions of other countries.

gold standard era in which each currency was convertible into gold at a specified rate, allowing the exchange rate between two currencies to be determined by their relative convertibility rates per ounce of gold.

H

hedge to insulate a firm from exposure to exchange rate fluctuations.

hostile takeovers acquisitions not desired by the target firms.

I

imperfect market the condition where, due to the costs to transfer labor and other resources used for production, firms may attempt to use foreign factors of production when they are less costly than local factors.

import/export letters of credit trade-related letters of credit.

independent variable term used in regression analysis to represent the variable that is expected to influence another (the “dependent”) variable.

indirect quotations exchange rate quotations representing the value measured by number of units per dollar.

interbank market market that facilitates the exchange of currencies between banks.

Interest Equalization Tax (IET) tax imposed by the U.S. government in 1963 to discourage U.S. investors from investing in foreign securities.

interest rate parity (IRP) theory specifying that the forward premium (or discount) is equal to the interest rate differential between the two currencies of concern.

interest rate parity (IRP) line diagonal line depicting all points on a four-quadrant graph that represent a state of interest rate parity.

interest rate parity theory theory suggesting that the forward rate differs from the spot rate by an amount that reflects the interest differential between two currencies.

interest rate swap agreement to swap interest payments, whereby interest payments based on a fixed interest rate are exchanged for interest payments based on a floating interest rate.

International Bank for Reconstruction and Development (IBRD) bank established in 1944 to enhance economic development by providing loans to countries. Also referred to as the World Bank.

International Development Association (IDA) association established to stimulate country development; it was especially suited for less prosperous nations, since it provided loans at low interest rates.

International Financial Corporation (IFC) firm established to promote private enterprise within countries; it can provide loans to and purchase stock of corporations.

international Fisher effect theory specifying that a currency’s exchange rate will depreciate against another currency when its interest rate (and therefore expected inflation rate) is higher than that of the other currency.

international Fisher effect (IFE) line diagonal line on a graph that reflects points at which the interest rate differential between two countries is equal to the percentage change in the exchange rate between their two respective currencies.

International Monetary Fund (IMF) agency established in 1944 to promote and facilitate international trade and financing.

international mutual funds (IMFs) mutual funds containing securities of foreign firms.

International Swaps and Derivatives Association (ISDA) a global trade association representing leading participants in the privately negotiated derivatives industry.

intracompany trade international trade between subsidiaries that are under the same ownership.

irrevocable letter of credit letter of credit issued by a bank that cannot be canceled or amended without the beneficiary’s approval.

issuing bank bank that issues a letter of credit.

J

J-curve effect effect of a weaker dollar on the U.S. trade balance in which the trade balance initially deteriorates; it only improves once U.S. and non-U.S. importers respond to the change in purchasing power that is caused by the weaker dollar.

joint venture venture between two or more firms in which responsibilities and earnings are shared.

L

- lagging** strategy used by a firm to stall payments, normally in response to exchange rate projections.
- leading** strategy used by a firm to accelerate payments, normally in response to exchange rate expectations.
- letter of credit (L/C)** agreement by a bank to make payments on behalf of a specified party under specified conditions.
- licensing** arrangement in which a local firm in the host country produces goods in accordance with another firm's (the licensing firm's) specifications; as the goods are sold, the local firm can retain part of the earnings.
- locational arbitrage** action to capitalize on a discrepancy in quoted exchange rates between banks.
- lockbox** post office box number to which customers are instructed to send payment.
- London Interbank Offer Rate (LIBOR)** interest rate commonly charged for loans between Eurobanks.
- long-term forward contracts** contracts that state any exchange rate at which a specified amount of a specified currency can be exchanged at a future date (more than one year from today). Also called long forwards.
- Louvre Accord** 1987 agreement between countries to attempt to stabilize the value of the U.S. dollar.

M

- macroassessment** overall risk assessment of a country without considering the MNC's business.
- mail float** mailing time involved in sending payments by mail.
- managed float** exchange rate system in which currencies have no explicit boundaries, but central banks may intervene to influence exchange rate movements.
- margin requirement** deposit placed on a contract (such as a currency futures contract) to cover the fluctuations in the value of that contract; this minimizes the risk of the contract to the counterparty.
- market-based forecasting** use of a market-determined exchange rate (such as the spot rate or forward rate) to forecast the spot rate in the future.
- Master Agreement** an agreement that provides participants in the private derivatives markets with the opportunity to establish the legal and credit terms between them for an ongoing business relationship.
- Medium-Term Guarantee Program** program conducted by the Ex-Im Bank in which commercial lenders are encouraged to finance the sale of U.S. capital equipment and services to approved foreign buyers; the Ex-Im Bank guarantees the loan's principal and interest on these loans.
- microassessment** the risk assessment of a country as related to the MNC's type of business.
- mixed forecasting** development of forecasts based on a mixture of forecasting techniques.
- money market hedge** use of international money markets to match future cash inflows and outflows in a given currency.

- Multibuyer Policy** policy administered by the Ex-Im Bank that provides credit risk insurance on export sales to many different buyers.
- Multilateral Investment Guarantee Agency (MIGA)** agency established by the World Bank that offers various forms of political risk insurance to corporations.
- multilateral netting system** complex interchange for netting between a parent and several subsidiaries.
- multinational restructuring** restructuring of the composition of an MNC's assets or liabilities.

N

- negotiable bill of lading** contract that grants title of merchandise to the holder, which allows banks to use the merchandise as collateral.
- net operating loss carrybacks** practice of applying losses to offset earnings in previous years.
- net operating loss carryforwards** practice of applying losses to offset earnings in future years.
- netting** combining of future cash receipts and payments to determine the net amount to be owed by one subsidiary to another.
- net transaction exposure** consideration of inflows and outflows in a given currency to determine the exposure after offsetting inflows against outflows.
- non-deliverable forward contracts (NDFs)** like a forward contract, represents an agreement regarding a position in a specified currency, a specified exchange rate, and a specified future settlement date, but does not result in delivery of currencies. Instead, a payment is made by one party in the agreement to the other party based on the exchange rate at the future date.
- nonsterilized intervention** intervention in the foreign exchange market without adjusting for the change in money supply.
- notional value** an amount agreed upon by the parties in an interest rate swap.

O

- ocean bill of lading** receipt for a shipment by boat, which includes freight charges and title to the merchandise.
- open account transaction** sale in which the exporter ships the merchandise and expects the buyer to remit payment according to agreed-upon terms.
- overhedging** hedging an amount in a currency larger than the actual transaction amount.

P

- parallel bonds** bonds placed in different countries and denominated in the respective currencies of the countries where they are placed.
- parallel loan** loan involving an exchange of currencies between two parties, with a promise to reexchange the currencies at a specified exchange rate and future date.
- partial compensation** an arrangement in which the delivery of goods to one party is partially compensated for by

buying back a certain amount of product from the same party.

pegged exchange rate exchange rate whose value is pegged to another currency's value or to a unit of account.

perfect forecast line a 45-degree line on a graph that matches the forecast of an exchange rate with the actual exchange rate.

petrodollars deposits of dollars by countries that receive dollar revenues due to the sale of petroleum to other countries; the term commonly refers to OPEC deposits of dollars in the Eurocurrency market.

Plaza Accord agreement among country representatives in 1985 to implement a coordinated program to weaken the dollar.

political risk political actions taken by the host government or the public that affect the MNC's cash flows.

preauthorized payment method of accelerating cash inflows by receiving authorization to charge a customer's bank account.

premium as related to forward rates, represents the percentage amount by which the forward rate exceeds the spot rate. As related to currency options, represents the price of a currency option.

prepayment method that exporter uses to receive payment before shipping goods.

price-elastic sensitive to price changes.

privatization conversion of government-owned businesses to ownership by shareholders or individuals.

product cycle theory theory suggesting that a firm initially establish itself locally and expand into foreign markets in response to foreign demand for its product; over time, the MNC will grow in foreign markets; after some point, its foreign business may decline unless it can differentiate its product from competitors.

Project Finance Loan Program program that allows banks, the Ex-Im Bank, or a combination of both to extend long-term financing for capital equipment and related services for major projects.

purchasing power parity (PPP) line diagonal line on a graph that reflects points at which the inflation differential between two countries is equal to the percentage change in the exchange rate between the two respective currencies.

purchasing power parity (PPP) theory theory suggesting that exchange rates will adjust over time to reflect the differential in inflation rates in the two countries; in this way, the purchasing power of consumers when purchasing domestic goods will be the same as that when they purchase foreign goods.

put see *currency put option*.

put option on real assets project that contains an option of divesting part or all of the project.

Q

quota maximum limit imposed by the government on goods allowed to be imported into a country.

R

real cost of hedging the additional cost of hedging when compared to not hedging (a negative real cost would imply that hedging was more favorable than not hedging).

real cost of hedging payables is equal to the cost of hedging payables less the cost of payables if not hedged.

real interest rate nominal (or quoted) interest rate minus the inflation rate.

real options implicit options on real assets.

regression analysis statistical technique used to measure the relationship between variables and the sensitivity of a variable to one or more other variables.

regression coefficient term measured by regression analysis to estimate the sensitivity of the dependent variable to a particular independent variable.

re invoicing center facility that centralizes payments and charges subsidiaries fees for its function; this can effectively shift profits to subsidiaries where tax rates are low.

relative form of purchasing power parity theory stating that the rate of change in the prices of products should be somewhat similar when measured in a common currency, as long as transportation costs and trade barriers are unchanged.

revaluation an upward adjustment of the exchange rate by a central bank.

revalue to increase the value of a currency against the value of other currencies.

revocable letter of credit letter of credit issued by a bank that can be canceled at any time without prior notification to the beneficiary.

S

semistrong-form efficient description of foreign exchange markets, implying that all relevant public information is already reflected in prevailing spot exchange rates.

sensitivity analysis technique for assessing uncertainty whereby various possibilities are input to determine possible outcomes.

simulation technique for assessing the degree of uncertainty. Probability distributions are developed for the input variables; simulation uses this information to generate possible outcomes.

Single-Buyer Policy policy administered by the Ex-Im Bank that allows the exporter to selectively insure certain transactions.

Single European Act act intended to remove numerous barriers imposed on trade and capital flows between European countries.

Small Business Policy policy providing enhanced coverage to new exporters and small businesses.

Smithsonian Agreement conference between nations in 1971 that resulted in a devaluation of the dollar against major currencies and a widening of boundaries (2 percent in either direction) around the newly established exchange rates.

snake arrangement established in 1972, whereby European currencies were tied to each other within specified limits.

special drawing rights (SDRs) reserves established by the International Monetary Fund; they are used only for intergovernment transactions; the SDR also serves as a unit of account (determined by the values of five major currencies) that is used to denominate some internationally traded goods and services, as well as some foreign bank deposits and loans.

spot market market in which exchange transactions occur for immediate exchange.

spot rate current exchange rate of currency.

standby letter of credit document used to guarantee invoice payments to a supplier; it promises to pay the beneficiary if the buyer fails to pay.

sterilized intervention intervention by the Federal Reserve in the foreign exchange market, with simultaneous intervention in the Treasury securities markets to offset any effects on the dollar money supply; thus, the intervention in the foreign exchange market is achieved without affecting the existing dollar money supply.

straddle combination of a put option and a call option.

strangle a currency option combination; similar to a *straddle*.

strike price *see exercise price*.

strong-form efficient description of foreign exchange markets, implying that all relevant public information and private information is already reflected in prevailing spot exchange rates.

Structural Adjustment Loan (SAL) Facility facility established in 1980 by the World Bank to enhance a country's long-term economic growth through financing projects.

supplier credit credit provided by the supplier to itself to fund its operations.

syndicate group of banks that participate in loans.

syndicated Eurocredit loans loans provided by a group (or syndicate) of banks in the Eurocredit market.

T

target zones implicit boundaries established by central banks on exchange rates.

tariff tax imposed by a government on imported goods.

technical forecasting development of forecasts using historical prices or trends.

tenor time period of drafts.

time-series analysis analysis of relationships between two or more variables over periods of time.

time-series models models that examine series of historical data; sometimes used as a means of technical forecasting by examining moving averages.

trade acceptance draft that allows the buyer to obtain merchandise prior to paying for it.

transaction exposure degree to which the value of future cash transactions can be affected by exchange rate fluctuations.

transfer pricing policy for pricing goods sent by either the parent or a subsidiary to a subsidiary of an MNC.

transferable letter of credit document that allows the first beneficiary on a standby letter of credit to transfer all or part of the original letter of credit to a third party.

translation exposure degree to which a firm's consolidated financial statements are exposed to fluctuations in exchange rates.

triangular arbitrage action to capitalize on a discrepancy where the quoted cross exchange rate is not equal to the rate that should exist at equilibrium.

U

Umbrella Policy policy issued to a bank or trading company to insure exports of an exporter and handle all administrative requirements.

unilateral transfers accounting for government and private gifts and grants.

W

weak-form efficient description of foreign exchange markets, implying that all historical and current exchange rate information is already reflected in prevailing spot exchange rates.

Working Capital Guarantee Program program conducted by the Ex-Im Bank that encourages commercial banks to extend short-term export financing to eligible exporters; the Ex-Im Bank provides a guarantee of the loan's principal and interest.

World Bank bank established in 1944 to enhance economic development by providing loans to countries.

World Trade Organization (WTO) organization established to provide a forum for multilateral trade negotiations and to settle trade disputes related to the GATT accord.

writer seller of an option.

Y

Yankee stock offerings offerings of stock by non-U.S. firms in the U.S. markets.