

# The Anatomy of a Global Network of Multinationals: The Case of Japan\*

Kozo Kiyota<sup>†</sup>

Keio University and RIETI

November 7, 2020

## Abstract

Multinational enterprises (MNEs) control their foreign subsidiaries not only directly from their headquarters but also indirectly through other foreign subsidiaries. To investigate potential investment and profit flows between countries, it is essential to capture the global network of MNEs. However, little is known about the network structure *within a firm between countries*. Using unique comprehensive data on Japanese companies ranked in the top 100 nonfinancial MNEs in the world, this paper shows that simple measures of network analysis help us to identify the degree of indirect foreign direct investment (FDI), potential special purpose entities, and the potential channels of investment and profit flows between countries.

**Key words:** Multinational enterprises, Network, Indirect FDI, Special purpose entity, Tax avoidance

**JEL classification codes:** G15, H26, F23

---

\*The author gratefully acknowledges the financial support of the Japan Society for the Promotion of Science (JSPS) Grants-in-Aid (JP18H03633, JP19H00598). The usual disclaimers apply.

<sup>†</sup>E-mail: [kiyota@sanken.keio.ac.jp](mailto:kiyota@sanken.keio.ac.jp)