



FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

DEPARTMENT OF COMMERCE
OFFICE OF THE UNDER SECRETARY FOR ECONOMIC AFFAIRS
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Foreword

Since 2006, the United States has been the largest recipient of foreign direct investment (FDI) in the world. For decades and across administrations, the United States has provided foreign companies with a stable and welcoming market in which to invest. Foreign companies have set up new operations or provided capital to established businesses in hopes of benefitting from America's productive and skilled workforce, strong culture of innovation and entrepreneurship, and unmatched business environment that features robust intellectual property protections, flexible and efficient capital markets, and the rule of law. The U.S. government nurtures and builds on these many strengths to make the United States an attractive destination for FDI. Global companies can select any location for their next investment expansion, so continued FDI growth in the United States signals strong confidence in the U.S. business environment.

FDI works alongside domestic investments like the Biden-Harris Administration's Investing in America agenda, which seeks to make once-in-a-generation investment in America's infrastructure and clean energy future. The Bipartisan Infrastructure Law (BIL), CHIPS and Science Act, and the Inflation Reduction Act (IRA) are key pieces of legislation that seek to reinforce U.S. competitiveness for investors and thus attract FDI, which is a critical contributor to the growth and resilience of communities. The impact has been clear: today, foreign direct investment directly supports nearly eight million U.S. jobs and accounts for exponentially more indirect jobs – those jobs that exist to produce the goods and services needed by FDI-funded workers. FDI business activity alone accounts for nearly a quarter of all U.S. exports and over 12% of all U.S. research and development (R&D) expenditures. Evidence suggests that the presence of international businesses in U.S. communities not only supports American jobs but also keeps U.S. businesses better positioned to compete in the global marketplace.

Many U.S. Department of Commerce resources are available for foreign investors and U.S. Economic Development Organizations (EDOs) interested in strengthening the role of FDI in the U.S. economy. SelectUSA is a federal government program housed in the U.S. Department of Commerce that focuses on facilitating job-creating business investment and raising awareness of the critical role that economic development plays in the U.S. economy. The International Trade Administration's (ITA) SelectUSA provides geographically-neutral and non-advisory data and convening services to facilitate international businesses' investments and help U.S. EDOs secure job-creating business investment into the United States. Moreover, ITA's Office of Investment Security (OIS) coordinates the Department's participation on the Committee on Foreign Investment in the United States (CFIUS) to ensure that foreign investments are consistent with U.S. national security objectives. OIS is a resource for EDOs for any questions on potential national security issues involving foreign investments. The Bureau of Economic Analysis and Census Bureau provide timely and accurate data that helps inform foreign investors and U.S. communities on how to generate positive economic impact. This report, prepared by the Office of the Undersecretary for Economic Affairs to fulfill the requirements of 22 U.S.C. 3142, advances our understanding of how FDI contributes to the U.S. economy and provides insights into FDI's impact across U.S. geographies and industries.

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FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

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Executive Summary

According to the most recent data, the United States is the top destination of foreign direct investment (FDI) globally. Through acquisitions, opening establishments, or expansion of existing ones, foreign firms invested a total of \$177 billion in the United States in 2022. With its workforce, legal protections and encouragement of innovation, the United States continues to be an attractive destination for business investment. Leveraging data from the U.S. Bureau of Economic Analysis (BEA), this Department of Commerce, Office of the Under Secretary for Economic Affairs (OUSEA) report covers aggregate FDI trends into the United States and provides analysis by industry, country, and geography.

Key Findings:

Inward FDI

- Though the inward FDI position in the U.S. continues to increase (valued at \$5.5 trillion in 2023), the rate of increase of new FDI into the U.S. (\$177.5 billion in 2022) has been generally declining.
- Both the inward FDI position in the U.S. and new FDI are concentrated in manufacturing; chemical manufacturing (and in particular, pharmaceutical and medicines) accounts for the largest share.
- Both the inward FDI position and new FDI by ultimate beneficial owner country are concentrated among a handful of advanced economies. In both cases, the top ten investor countries account for about 80% of the total.
- In 2022, California and Texas account for the largest shares of new FDI and together account for about 30% of total new FDI.
- The rate of return on FDI in the U.S. was 5.3% in 2023 while the average return was about 5% over the past ten years.

Greenfield investment

- Greenfield investment, defined as establishing or expanding a foreign owned U.S. business, totaled \$8.1 billion and accounted for 4.6% of new FDI in 2022.
- Manufacturing greenfield investment increased by \$4 billion between 2021-2022 to \$5.3 billion and is 66% of total greenfield investments in 2022.

Majority owned U.S. affiliates of foreign multinational enterprises (MOUSA)

- The ultimate beneficial owners of most MOUSAs are in Europe, followed by Japan and Canada in 2021.
- MOUSAs are relatively concentrated in manufacturing industries, particularly chemicals and transportation equipment. They employ nearly a quarter of all workers in manufacturing and contribute nearly one fifth of manufacturing value added as of 2021.
- MOUSA tend to be in more research and development (R&D) -intensive and capital-intensive industries, accounting for their higher contribution to private industry sector R&D, property, plant, and equipment (PP&E), and value added relative to their share of private industry employment in 2021.
- South Carolina, Michigan, and New Hampshire have the highest shares of MOUSA employment in 2021.

Introduction

This report from the Office of the Under Secretary for Economic Affairs (OUSEA) details trends in foreign direct investment (FDI) based on Bureau of Economic Analysis (BEA) data. BEA collects three broad sets of data on FDI in the United States, each of which focuses on a distinct aspect of FDI:

1. FDI position in the U.S.
2. Greenfield FDI.
3. Financial and operating data of U.S. affiliates of foreign multinationals, focusing on majority-owned U.S. affiliates (MOUSA).

For each of these aspects of FDI, we present the latest available data on overall levels and trends, industry breakdown, country of ultimate beneficial owner (UBO), distribution by U.S. state, and several special topics. The data analysis was conducted in April 2024. This report mainly uses published statistics derived from four different sets of surveys:

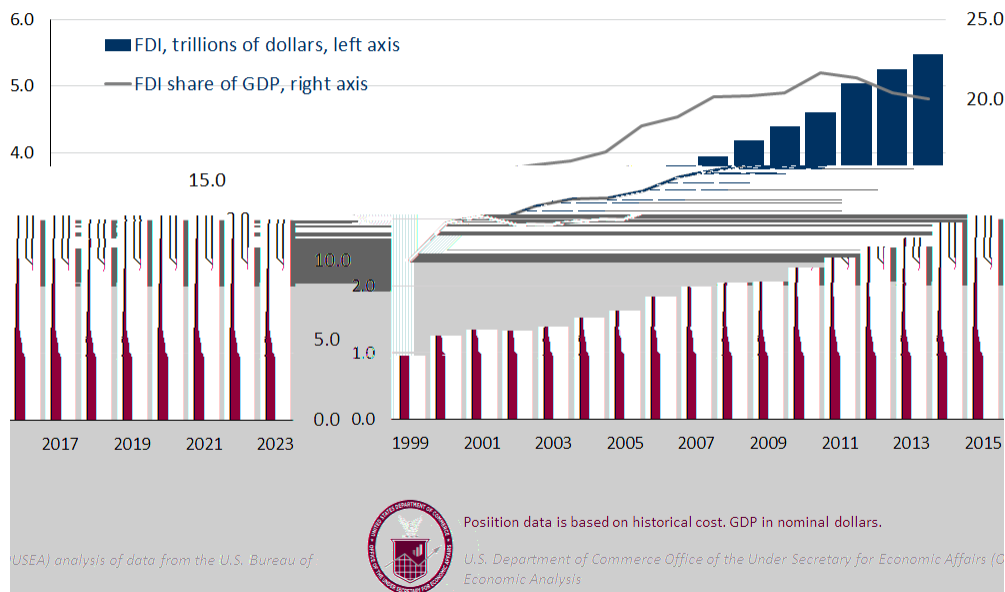
- Data reported on BEA's Direct Investment Surveys, specifically:
 - New Foreign Direct Investment in the United States Survey (BE-13)
 - Benchmark and Annual Surveys of Foreign Direct Investment in the United States (BE-12 and BE-15)
 - Quarterly Survey of Foreign Direct Investment in the United States (BE-605)
- Data from the International Monetary Fund's Coordinated Direct Investment Survey

U.S. Inward Foreign Direct Investment

Overall Trends

While the level of FDI within the U.S. continues to increase, new investment has been generally falling in recent years. This downtrend in new FDI is global and not unique to the U.S. Some researchers refer to this trend as an example of “slowbalization” or a slowdown in globalization, dating back to the end of the global financial crisis.^{1,2} Despite this trend in new FDI, the U.S. remains the country with the largest inward FDI position.³ Figure 1 shows the FDI position in the U.S. and Figure 2 shows new FDI inflows. In addition, each Figure plots FDI relative to GDP. As shown in Figure 1, both the inward FDI position and FDI as a share of GDP have generally trended up. In 2023, the inward FDI position stood at \$5.5 trillion at a historical-cost basis (20.0% of GDP, \$13.5 trillion at market value, and \$6.4 trillion at current cost).⁴ In contrast, the value of U.S. direct investment abroad was \$6.9 trillion in 2023 on a historical-cost basis.

Figure 1: Foreign Direct Investment in the U.S., Trillions of Dollars (bars, left axis) and Share of GDP (line, right axis), 1999-2023



¹ See OECD’s [FDI in Figures](#) (2024) for trends in global FDI inflows.

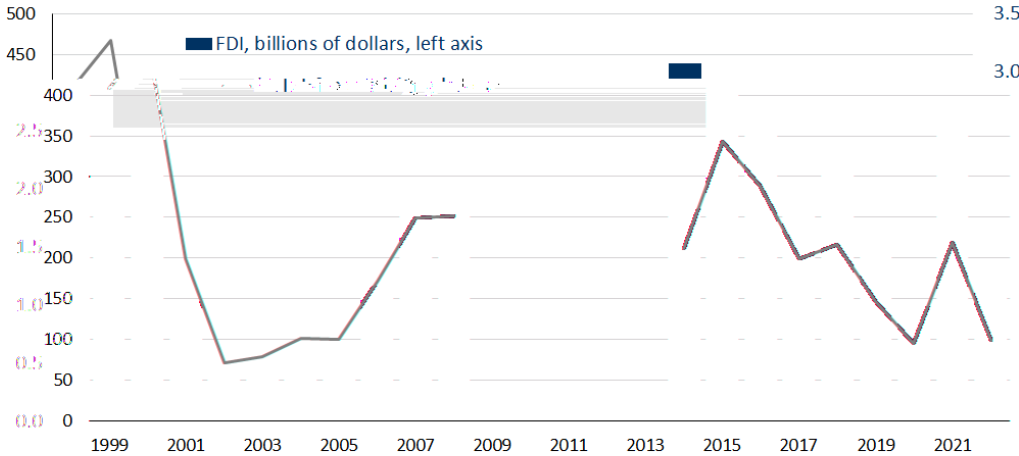
² See [IMF’s World Economic Outlook](#) (2023).

³ See IMF’s Coordinated Direct Investment Survey, [Table 4](#).

⁴ Detail on direct investment by country and industry are reported only on a historical-cost basis, or book value. Companies use book value in their financial statements and data collected on the direct investment surveys are reported in this manner as well.

Data on new FDI, which covers all new FDI transactions each year, can be affected by a few large investments. As such, the series is more volatile compared to the series on inward FDI position into the U.S. See Figure 2.⁵ Nevertheless, since 2015, the underlying pattern for new FDI and as a share of GDP shows that both have generally been trending down. In 2022, new FDI into the U.S. totaled \$177.5 billion (0.7% of GDP), below the average of \$298.8 billion (1.5% of GDP) from 2014-2021.

Figure 2: New Foreign Direct Investment, Billions of Dollars (bars, left axis) and Share of GDP (line, right axis), 1999-2022



Data for 2009-2013 is not available as the survey that was used to create the statistics was not conducted. Data from 2014 onward includes expansions, which accounts for a very small portion of the total. GDP is nominal in dollars.
 U.S. Department of Commerce Office of the Under Secretary for Economic Affairs (OUSEA) analysis of data from the U.S. Bureau of Economic Analysis

FDI in manufacturing contributed most of the drop in new FDI. Specifically, manufacturing as a share of new FDI into the U.S. fell from about 52.7 and 66.1% in 2014 and 2015 respectively to 31.1% in 2022. Among countries, Ireland contributed most to the decline, although there were declines in new FDI from several other countries between 2015 and 2022 (including from Canada and Germany). In addition, corporate inversions - when a U.S. corporation that is currently the ultimate owner of its worldwide operations takes steps to become a subsidiary of a foreign corporation affect new FDI. BEA estimates that newly inverted U.S. corporations accounted for a significant share of first-year expenditures in 2015, but not in subsequent years, which explains some of the decrease.⁶

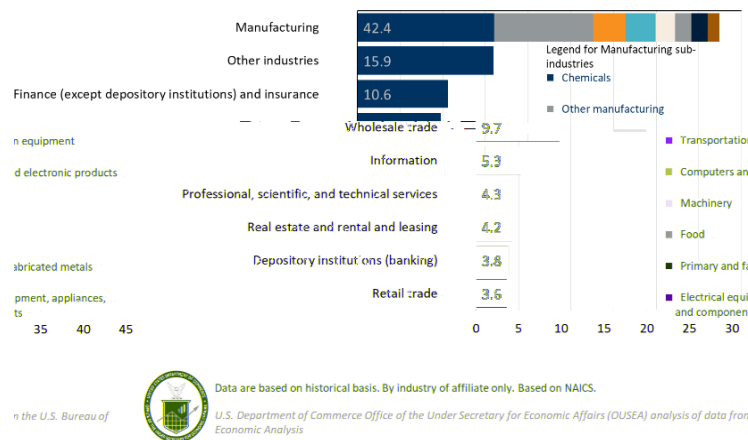
⁵ The survey used to produce these statistics (Survey on New Foreign Direct Investment in the United States, BE-13) was not undertaken between 2009 and 2013.

⁶ See the "Statistical Conventions" section of the New FDI news release: [New Foreign Direct Investment in the United States, 2022](#) | U.S. Bureau of Economic Analysis (BEA).

Industry Breakdown

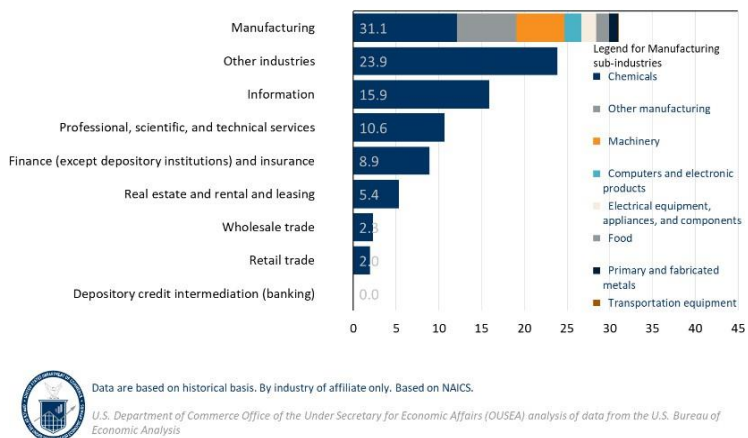
Manufacturing is the largest category of the inward FDI position and of new FDI. As shown in Figure 3, manufacturing (42.4%, \$2.2 trillion) alongside the category Finance and Insurance (10.6 %, \$0.6 trillion) comprises the majority of FDI. Between 2021 and 2022, there were no large changes in shares. Chemicals comprise the largest share of manufacturing (about 37.7%, \$841.3 billion), though its share has fallen since reaching a high in 2016. The pharmaceuticals and medicines category makes up the lion's share of chemicals and is a component whose share has grown notably for the past two decades (from 37.2% in 2000 to 64.2% in 2022).

Figure 3: Foreign Direct Investment Position in the U.S. by Industry, 2022, Percent of Total



As shown in Figure 4, manufacturing (31.1%, \$55.2 billion) accounted for the largest shares of new FDI in 2022. Again, chemicals comprise the largest share of manufacturing (38.9%, \$21.5 billion) with pharmaceuticals and medicines accounting for over 40% of chemical manufacturing inflows.

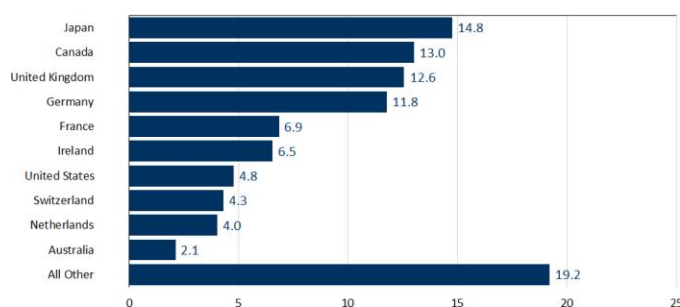
Figure 4: New Foreign Direct Investment in the U.S. by Industry, 2022, Percent of Total



Geography by country of origin

The inward FDI position in the U.S. by ultimate beneficial owner (UBO) in 2022 was attributed to a handful of advanced countries, led by Japan (\$775.2 million, 14.8%), Canada (\$683.8 million, 13.0%) and the United Kingdom (\$660.6 million, 12.6%). As shown in Figure 5, the top ten account for about 80% of the total inward FDI position.⁷ Six of the top ten countries are European. The United States itself is an ultimate investor country.⁸ While the direct investment from emerging economies have shown gains over time (for example, from China and Brazil), it still represents a very small share of overall figures.

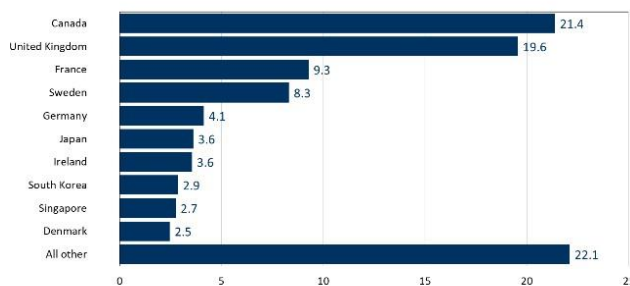
**Figure 5: Foreign Direct Investment Position in the U.S.
Top Ten Investor Countries by UBO, Percent of Total, 2022**



Data are based on historical-cost basis. UBO references where the ultimate owner is located. It is the one who ultimately owns or controls the affiliate, derives benefit and assumes risk of the affiliate.
U.S. Department of Commerce Office of the Under Secretary for Economic Affairs (OUSEA) analysis of data from the U.S. Bureau of Economic Analysis

Figure 6 shows that new FDI into the U.S. is also very concentrated, with the top ten UBO countries comprising nearly 80% of all inflows in 2022. Top FDI inflows were led by Canada (\$37.9 million, 21.4%), United Kingdom (\$34.7 million, 19.6%) and France (\$16.5 million, 9.3%). Six of the top ten countries with the largest new FDI inflows into the U.S. overlap with the top investor countries associated with the U.S. inward FDI position. (Sweden, South Korea, Singapore, and Denmark are investor countries that are in the new FDI inflows top 10.)

**Figure 6: New Foreign Direct Investment into the U.S.
Top Ten UBO Investor Countries, Percent of Total, 2022**



These data are first-year expenditures for investments initiated in 2022 and include expenditures in the year transactions occurred.
U.S. Department of Commerce Office of the Under Secretary for Economic Affairs (OUSEA) analysis of data from the U.S. Bureau of Economic Analysis

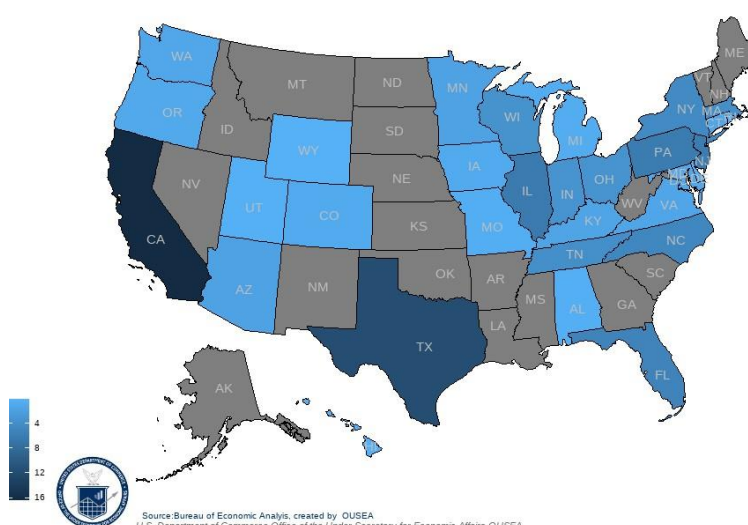
⁷ BEA produces data on FDI ownership by the immediate owner and by ultimate owner.

⁸ This occurs when a U.S. firm ultimately controls a foreign firm that invests in the United States.

Geography by U.S. state

New FDI into the U.S is concentrated in a few states. The map in Figure 7 below shows the state share of new FDI. California (\$29.0 million, 16.3%) and Texas (\$20.7 million, 11.7%), states with the largest business activity as measured by GDP, together comprised about 30% of new FDI inflows in 2022. These two states, Illinois (\$10.8 million, 6.1%), and a handful of other states along the east coast, including Pennsylvania (\$10.6 million, 6.0%), New Jersey (\$10.3 million, 5.8%), Florida (\$9.1 million, 5.1%), and North Carolina (\$8.3 million, 4.6%), accounted for the majority of new FDI in the U.S. in 2022.

Figure 7: New Foreign Direct Investment into the U.S., State Share 2022, Percent (States colored in grey indicate data is suppressed to avoid disclosure)



Besides the economic sizes of the states, researchers have noted other reasons why California and Texas draw investment in particular. California's location as the host of Silicon Valley and the headquarters of many tech firms (both a draw for advanced technology), as well as its access to venture capital funding, and large labor pool of technology workers are factors that would attract multinational enterprises^{9 10}. Texas's infrastructure (including several ports and high numbers of public roadways, highways and freight railways) and business ecosystem (headquarters of a number of Fortune 500 companies) are draws. Additionally, Texas' proximity to Mexico (its existing base of trade between Texas and Mexico, the ability of multinational businesses to take advantage of lower costs in Mexico and the ability of Mexican companies to use Texas as a base to service other North American markets) is another relevant factor for multinational enterprises.¹¹ Texas also does not have a state corporate income tax, and rather uses gross receipts taxes.¹²

⁹ See National Science Foundation data on [venture capital](#) dollars disbursed.

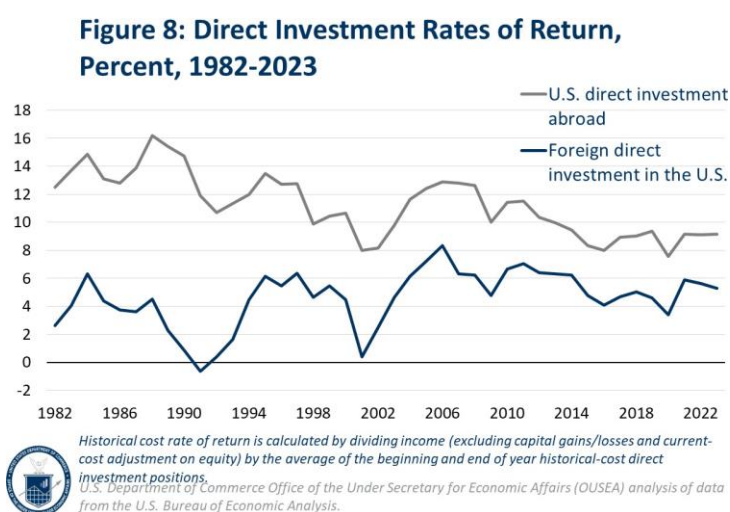
¹⁰ See Department of Education, [IPEDS](#) data.

¹¹ See the [Lyttle](#) (2022) for further discussion.

¹² See [Tax Foundation](#) (2024).

SPECIAL TOPIC: RATE OF RETURN

The rate of return on the inward FDI position has trended down slightly since 2006. (The rate of return is calculated by dividing direct investment-associated income by the average of the beginning and end-of-year FDI positions.)¹³ Figure 8 below shows the rate of return on the inward FDI position. The rate of return on FDI in the U.S. was 5.3% in 2023 while the average return was about 5% over the past ten years. The rate of return has been less volatile than in earlier decades. The inward FDI rate of return has historically been lower than the return on outward investment position, though the gap has narrowed. A caveat to comparing the rate of return over time and to U.S. investment abroad is that the calculation does not consider differences in the types (and hence risks) of investment.



Greenfield Investment in the U.S. Economy

Greenfield investment is when a foreign direct investor establishes a new U.S. business or expands an existing U.S. business. A subset of total new FDI, the term “greenfield” focuses on new additional capacity. When combined with acquisition of a U.S. business by a foreign investor, all three (establishing, acquiring or expanding a U.S. business) aggregate to total new FDI. Because it involves expansion, greenfield investment is thought to be a potential driver of growth and is an important subset of new FDI.

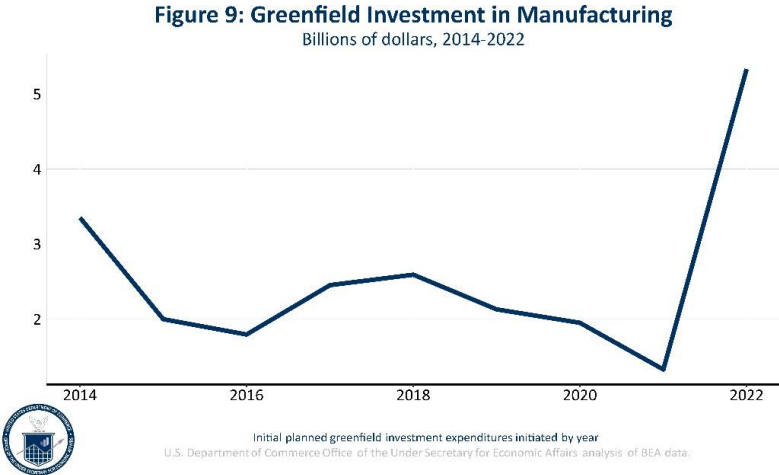
As mentioned above, new FDI in the U.S. totaled \$177.5 billion in 2022, of which \$8.1 billion is greenfield investment. Since 2015, greenfield investment has been less than 5% of new FDI – though 2022’s share of 4.6%, represented the highest share since 2014.

¹³ Historical-cost direct investment income excludes capital gains/losses and current cost adjustment to income on equity. This is a gross measure of income, before deductions of withholding taxes but after provision for U.S. federal, state, and local taxes.

Greenfield investment by industry

At \$5.3 billion, manufacturing is two-thirds of total greenfield investment in 2022. After manufacturing, professional, scientific, and technical services is the second largest industry at \$1.2 billion. Collectively, these two industries make up about 80% of greenfield investments in 2022.

As seen in Figure 9, manufacturing greenfield investment surges to \$5.3 billion in 2022 from \$1.3 billion a year prior. Investment in the computer and electronics sub-industry contributes to manufacturing’s sizeable increase; the sub-industry makes up a third of all manufacturing greenfield investment at \$1.8 billion in 2022. A year prior, greenfield investment in the computer and electronics manufacturing sub-industry was \$15 million.



Country of origin and U.S. geography

Similar to total new FDI by country, nearly half of all first-year greenfield investment expenditures in 2022 are by companies from European countries and Asian and Pacific countries. The United Kingdom leads with \$1.1 billion among countries for which data¹⁴ is reported, followed by Japan at \$759 million.

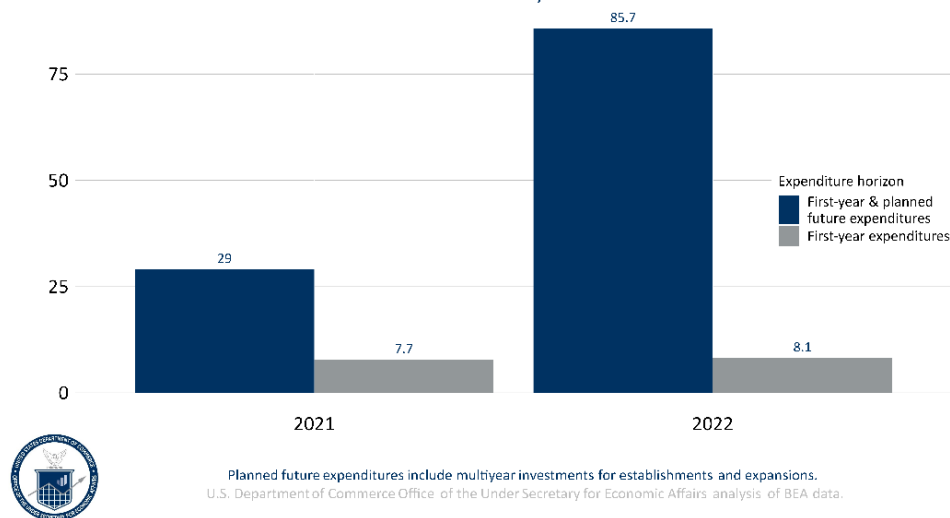
Generally, data concerning first-year greenfield investment expenditures by host state are suppressed for a variety of U.S. states to avoid disclosure of individual company data. Amongst states, California received the highest level of greenfield investment (\$1.5 billion).

¹⁴ Some country-level data is suppressed to avoid disclosure of individual company data.

SPECIAL TOPIC: TOTAL PLANNED GREENFIELD INVESTMENT

Greenfield investments often take several years to become operational, hence first year and total planned future expenditures can jointly provide insights into the total amount of investment necessary for a greenfield project. For example, first year expenditures are often small as the business is established then further expenditures occur over a multi-year period as construction progresses and the entity becomes operational, rather than all at once.¹⁵

Figure 10: Greenfield Investments by Expenditure Time Horizon
Billions of dollars, 2021-2022



As shown in Figure 10, planned total greenfield expenditures (first year and planned future greenfield investments) total \$85.7 billion in 2022. This is substantially higher than in 2021 when they totaled \$29.0 billion. For comparison, between 2014 and 2019, actual first year and subsequent greenfield expenditure averaged \$35.1 billion¹⁶ annually. The increase in 2022 first-year and planned future greenfield investment is primarily from planned future expenditures for U.S. foreign-owned manufacturing businesses led by semiconductors and other components manufacturing, as well as electrical equipment, appliances, and components manufacturing, which includes batteries.

¹⁵ First-year expenditures include expenditures in the year in which the acquisition, establishment, or expansion occurred. Planned total expenditures include first-year expenditures for all investments plus planned future expenditures (and expenditures from past years, if any) for establishments and expansions that are multiyear investments.

¹⁶ The 2014-2019 includes the latest updated actual investment data whereas 2021 and 2022 data is only initial planned investment.

Majority-Owned U.S. Affiliates of Foreign Multinational Enterprises (MOUSAs)

Majority-owned U.S. affiliates of foreign multinational enterprises (MOUSAs) are U.S. businesses that are at least 50% foreign-owned. BEA provides more detailed data on MOUSAs because they are unambiguously under foreign control. The ultimate beneficial owner (UBO) of a MOUSA is the entity, proceeding up a chain of majority ownership, that ultimately owns or controls the U.S. affiliate. The country of the UBO may be the same as that of the MOUSA's direct foreign parent, but sometimes is a different country or even the United States. This report focuses on the UBO of a MOUSA, as this is the entity that ultimately assumes the risks and gains the benefits of the MOUSA's operations.

Overall Trends

MOUSAs are substantial contributors to U.S. economic activity, particularly manufacturing activity, when measured by employment and value added.¹⁷ MOUSAs employed 7.9 million workers in the United States in 2021, 2.8 million of which were employed by MOUSAs in manufacturing industries. These 7.9 million workers accounted for about 6.2% of total private industry employment. MOUSAs contributed \$1.2 trillion to private industry value added - another measure of economic activity - in 2021, which at 6.4% was slightly larger than their share of private industry employment.

While MOUSAs have generally increased their share of private sector employment since 2009, their share of value added fell in recent years. Figure 11 shows MOUSA's share of employment and value added in private industry overall and within manufacturing.¹⁸ The MOUSA employment share increased over the thirteen years of available data from about 4.7% in 2009 to 6.2%. MOUSAs contribute a larger share of manufacturing employment; this share increased from 16.6% in 2009 to 22.8% in 2021. The MOUSA share of value added declined slightly since 2017, when their share of value added was 6.9%, to 6.4% in 2021.²⁰ In manufacturing, MOUSAs contributed 18.9% of sector value added in 2021, a share that also fell slightly from 21.4% in 2017.²¹

¹⁷ Value added is the difference between gross output and intermediate inputs. Representing the value of labor and capital used in production, value added can also be calculated as the sum of employee compensation, production and import taxes (less subsidies), and gross operating surplus (similar to profit). The sum of value added across all industries is equal to gross domestic product (GDP) for the economy.

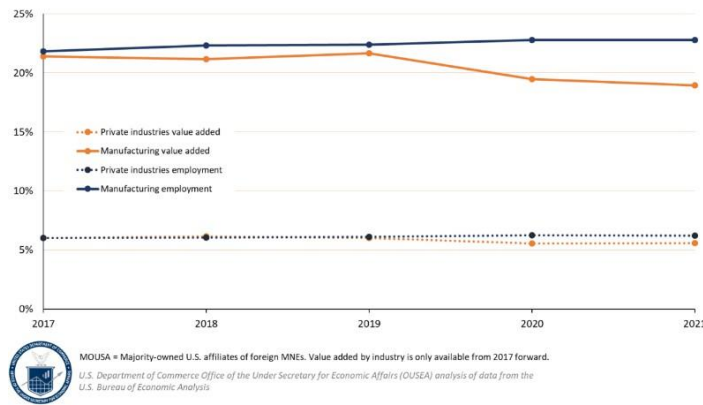
¹⁸ Share of employment is calculated using "[Table 6.4D. Full-Time and Part-Time Employees by Industry](#)" from the U.S. Bureau of Economic Analysis (accessed Thursday, April 25, 2024).

²⁰ Following BEA, we used value added in the business sector from the national accounts as the denominator, not value added in private industries from the industry accounts. See U.S. Bureau of Economic Analysis, "[Table 1.3.5. Gross Value Added by Sector](#)" (accessed Wednesday, July 17, 2024).

²¹ Value added in manufacturing is available from BEA. See: U.S. Bureau of Economic Analysis, "[Value Added by Industry](#)" (accessed Tuesday, April 23, 2024).

Trends in employee compensation help explain the divergence between value added and employment. Specifically, average employee compensation in MOUSAs grew slower than average employee compensation in private industry overall. Employee compensation is a substantial component of value added. As shown in appendix table A1, average compensation per employee in private industry overall increased 21.5%, from \$67 thousand in 2017 to \$81 thousand in 2021. Over the same period, MOUSA average compensation per employee grew only 7.2%, from \$81 to \$87 thousand.

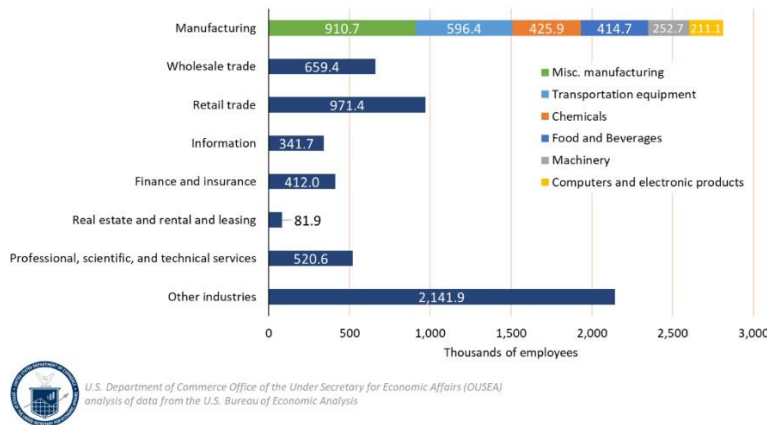
Figure 11: MOUSA Share of Private Industry Activities



MOUSA Employment by Industry

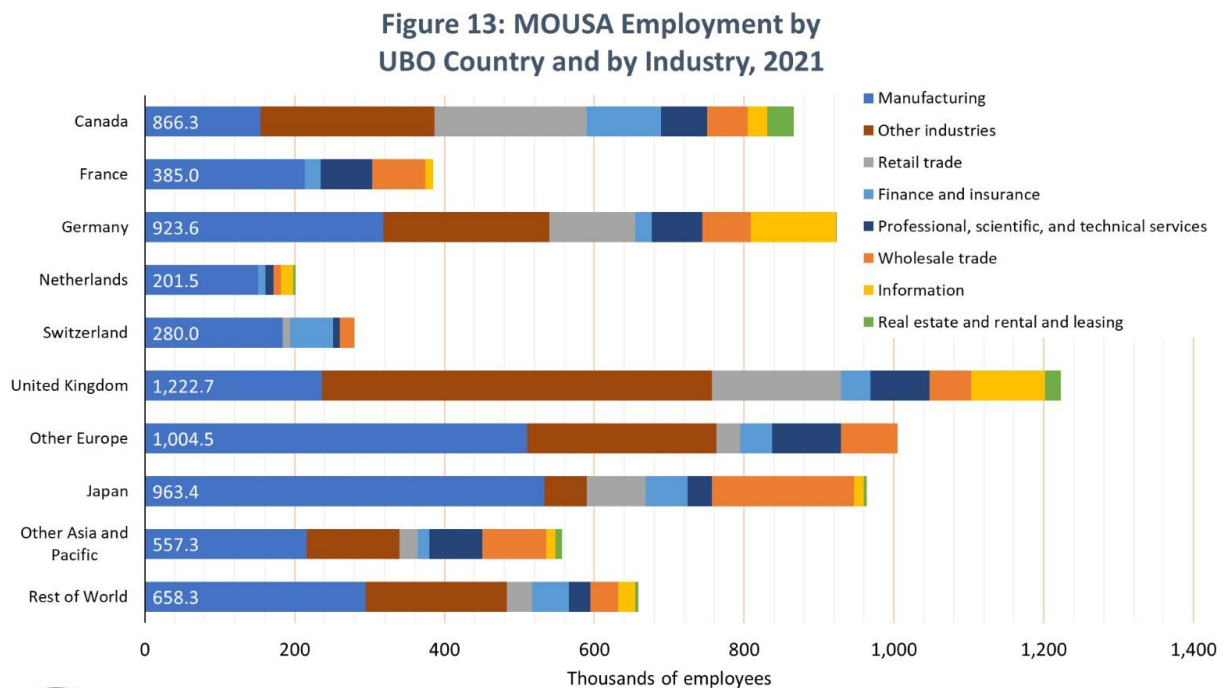
As seen in Figure 12, 35.4% of MOUSA employment is concentrated in the manufacturing industry. With a total of 2.8 million employees, the chemical, transportation equipment, and food and beverages sub-industries make up the largest manufacturing sub-industries by MOUSA employment. Beyond manufacturing, the category “other industries” employs 2.1 million employees, followed by retail trade and wholesale trade, respectively. “Other industries” include mining; utilities; construction; transportation and warehousing; administration, support, and waste management; healthcare and social assistance; and accommodation and food services.

Figure 12: MOUSA Employment by Industry of Affiliate, 2021



MOUSA Employment by Country

MOUSAs from western European countries represent the majority of MOUSA employment within the U.S. Figure 13 shows MOUSA employment by country of ultimate beneficial owner. As shown in the figure, western European economies represent 62% of employment, or 4.9 million employees. The United Kingdom leads with 1.2 million employees, which are concentrated in “other industries” sub-categories: transportation and warehousing, accommodation and food services, and administration, support, and waste management. Japan and Germany are the second and third largest employers, though the region “Other Europe”²² is just behind the U.K. at 1 million employees. Japan’s MOUSA employment surpasses that of the rest of the Asia Pacific region and is primarily concentrated in manufacturing.



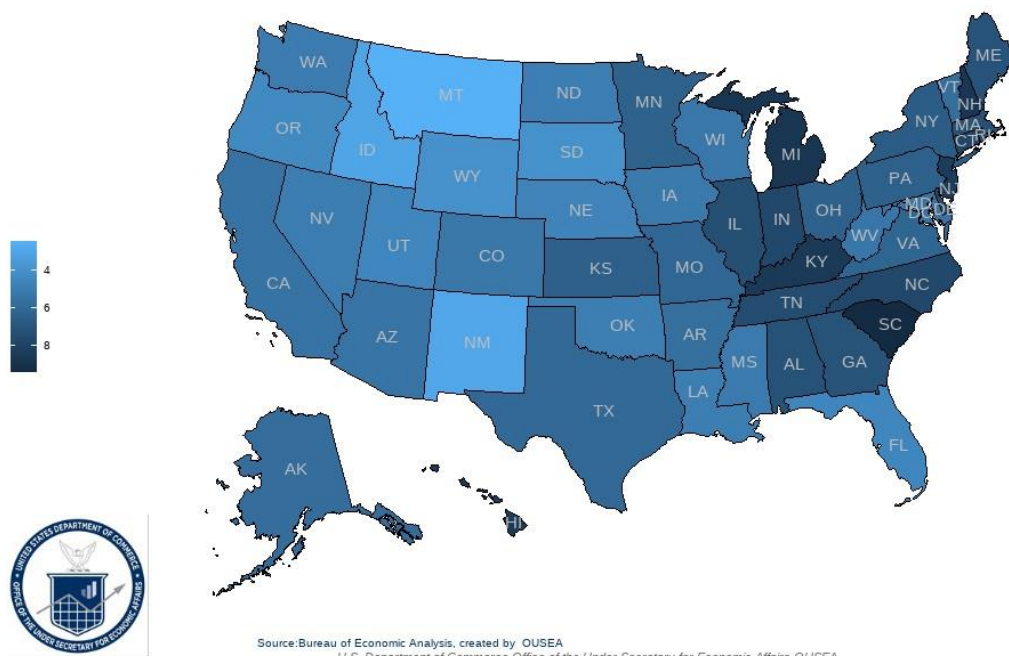
MOUSA = Majority-owned U.S. affiliates of foreign MNEs. Data labels indicate UBO country totals.
 U.S. Department of Commerce Office of the Under Secretary for Economic Affairs (OUSEA)
 analysis of data from the U.S. Bureau of Economic Analysis

²² European countries minus the United Kingdom, Germany, France, Switzerland, and the Netherlands.

MOUSA Employment by U.S. State

MOUSAs are more substantial employers in some states, claiming a larger share of private industry employment. Figure 14 shows the share of MOUSA employment by state. As shown in Figure 14, states with shares higher than the nationwide share (6.2%) include South Carolina (9.4%), Michigan (8.8%), New Hampshire (8.6%), Kentucky (8.5%), Hawaii (8.4%), and New Jersey (8.4%). In Michigan and South Carolina, most workers were in manufacturing, and manufacturing was the largest sector of employment for the remaining named states, except for Hawaii. The largest numbers of MOUSA employees were in California (816,400), Texas (660,500), New York (509,200), Illinois (376,700), and Florida (358,200); as a share of total private employment, California, Texas, and Florida fell below the national average, while Illinois and New York were slightly above average.

Figure 14: Share of State Private Employment by MOUSAs, 2021

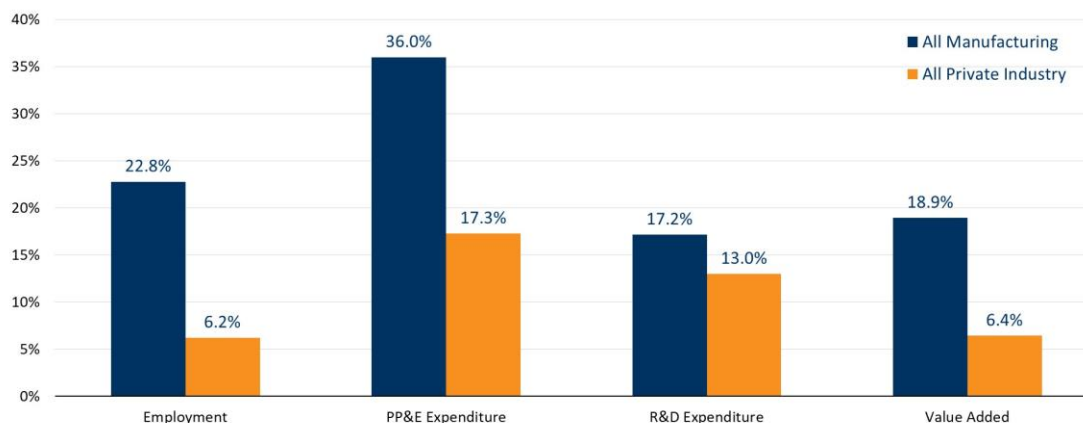


SPECIAL TOPIC: ECONOMIC ACTIVITY OF MOUSAS

MOUSAs contribute substantially to private industry activity, especially in manufacturing industries for R&D and property, plant, and equipment (PP&E) expenditure. In 2021, MOUSAs contributed 13.0% of private industry R&D expenditure and 17.3% of private industry PP&E expenditure.²³ These shares were larger than the MOUSA contribution to private industry employment or value added might predict. This difference could be due to the relative intensity of MOUSAs in manufacturing relative to domestic businesses; manufacturing tends to be more physical capital and R&D-intensive than other industries. As a share of total U.S. business manufacturing R&D expenditures, MOUSA R&D expenditures were 17.2%, which is lower than its share of U.S. private sector employment in manufacturing industries (22.8%). While this lower share could suggest that MOUSAs are in less R&D-intensive manufacturing industries relative to domestic manufacturing, this lower share could also be due to most R&D being performed abroad by the MOUSA's foreign parent. The latter explanation is more likely, given that many manufacturing MOUSAs are in the most R&D-intensive industries of chemicals (including pharmaceuticals) and transportation equipment (including motor vehicles) manufacturing. MOUSAs contributed more than one third of manufacturing PP&E expenditure in 2021, which suggests that MOUSAs are investing heavily in domestic physical capital (including structures and equipment).

Figure 15: MOUSA Contribution to Private Industry Activity, 2021

Percent of all private or all manufacturing industry activity



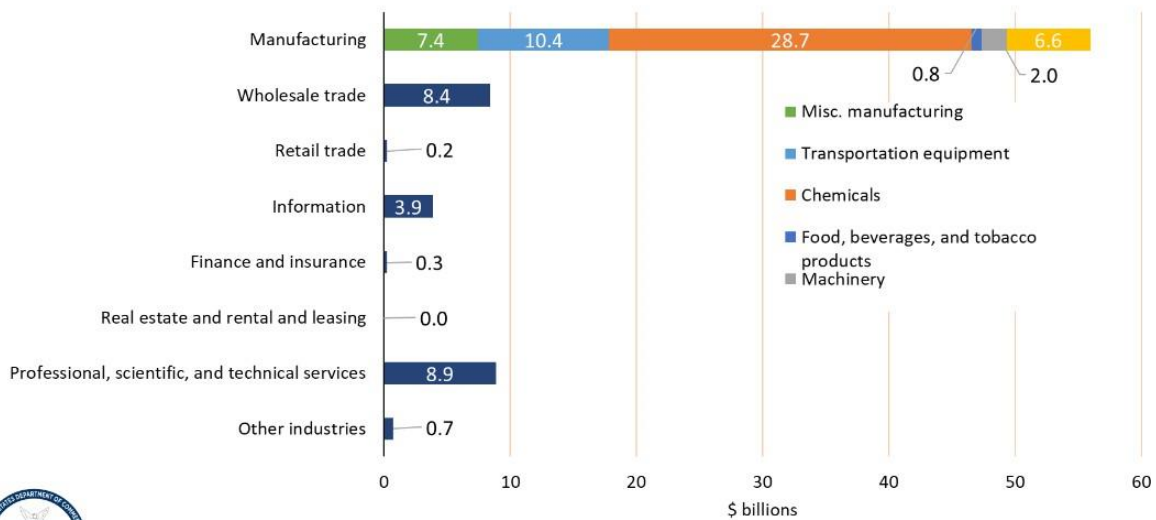
MOUSA = Majority-owned U.S. affiliates of foreign MNEs

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²³ U.S. business R&D expenditure comes from the National Center for Science and Engineering Statistics' Business Enterprise Research and Development (BERD) Survey, Table 2. <https://nces.nsf.gov/surveys/business-enterprise-research-development/2021#data>. U.S. business PP&E expenditure comes from the U.S. Census Bureau's Annual Capital Expenditures Survey. See Table 2a, <https://www.census.gov/library/publications/2023/econ/2022-aces-summary.html#tables>

As Figure 16 shows, 71.4% of R&D expenditure among MOUSAs is in manufacturing industries and exceeds \$55 billion in 2021. Within manufacturing, the chemicals industry (which includes pharmaceuticals) led R&D expenditures with \$28.7 billion, followed by the transportation equipment industry (\$10.4 billion), and computers and electronics products (\$6.6 billion). Collectively, all non-manufacturing industries spend more than \$22 billion on R&D in 2021. While professional, scientific, and technical services and wholesale trade R&D expenditures are both close to \$9 billion, manufacturing R&D expenditure still dwarfs these by comparison.

Figure 16: MOUSA R&D by Industry of Affiliate, 2021



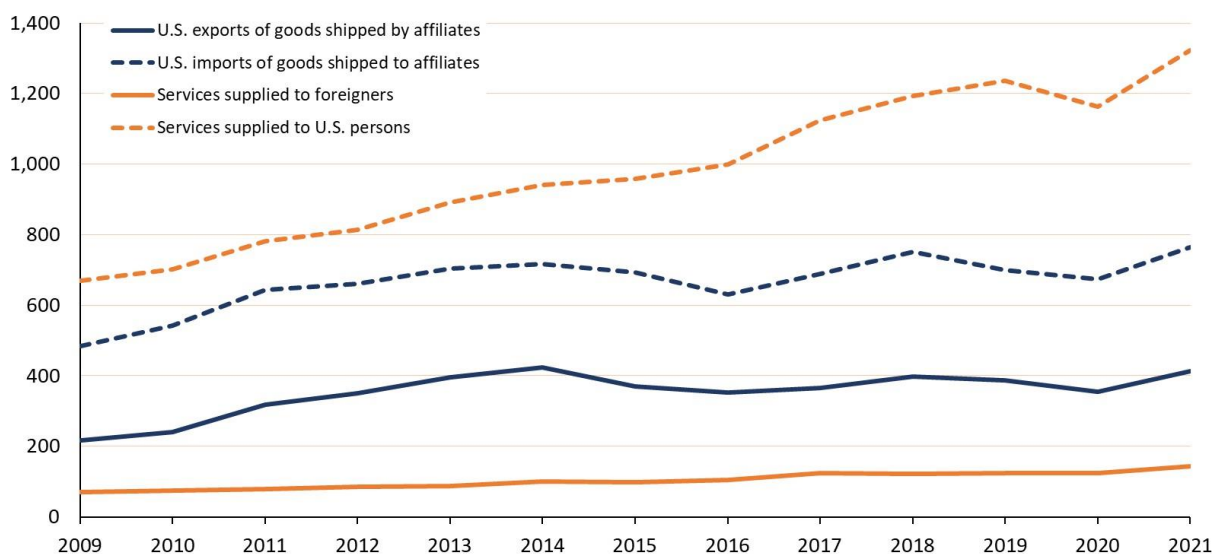
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SPECIAL TOPIC 2: TRADE IN GOODS AND SERVICES BY MOUSA

MOUSAs are active goods and services traders. In 2021, MOUSAs exported \$412.1 billion and imported \$763.7 billion worth of goods. On balance, for every \$1 of goods exported, MOUSAs imported \$1.85 worth of goods. No data is currently available for the value of goods MOUSAs sell in the domestic market. Of the services that MOUSAs produce, most services are provided to U.S. persons rather than foreign residents.²⁴ In 2021, MOUSAs supplied \$1.3 trillion worth of services to U.S. persons and \$143.7 billion worth of services to foreign residents. So, for every \$1 of services supplied to foreign residents, about \$9.20 of services were supplied to U.S. persons. No data is currently available for the value of services that MOUSAs import from foreign residents. This suggests that U.S. affiliates are primarily set up to service the U.S. market.

Figure 17: Goods and Services Trade by MOUSAs

Trade in \$billions



MOUSA = Majority-owned U.S. affiliates of foreign MNEs. Published adjusted services imports include services provided by MOUSAs to U.S. persons.

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²⁴ Foreign residents are individuals, governments, business enterprises, trusts, associations, and nonprofit organizations that fulfill two criteria: (1) They have their center of economic interest outside the United States, and (2) they reside, or expect to reside, outside the United States for one year or more. [Foreign residents | U.S. Bureau of Economic Analysis \(BEA\)](#)

Conclusion

FDI is considered an important driver of economic growth. FDI benefits to the host country include job creation and new and capital-intensive production. As this report highlights, the most recent data shows the United States remains the largest recipient of FDI globally despite new FDI trending down. In 2022, the value of new FDI in the United States stood at \$177.5 billion and the value of inward FDI position in 2023 is stood at \$5.3 trillion on a historical-cost basis. By industry, the U.S. manufacturing sector is the top recipient of FDI. Despite the decrease in new FDI, greenfield investment in manufacturing jumped by \$4 billion year-over-year, particularly due to increased investment in computers and electronics. Similarly, MOUSAs are relatively concentrated in manufacturing industries, particularly chemicals and transportation equipment. Geographically, California and Texas account for the largest shares of inward FDI flows and together account for nearly 30% of total new FDI flows. Advanced economies are the primary sources of FDI inflows into the U.S. with the top 10 countries accounting for about 80% of all inflows. Additionally, over half of the top ten UBO countries are European.

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Table A1. Comparison of MOUSA activities to all private industry economic activities

\$ millions unless otherwise noted

| All Industries | Majority-owned U.S. Affiliates of Foreign Firms | | | | | All Private Industries | | | | |
|---|---|-----------|-----------|-----------|-----------|------------------------|------------|------------|------------|------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2017 | 2018 | 2019 | 2020 | 2021 |
| <i>Key variables</i> | | | | | | | | | | |
| Value added | 1,034,719 | 1,114,440 | 1,137,842 | 1,031,285 | 1,160,951 | 14,941,867 | 15,776,688 | 16,450,051 | 16,047,579 | 18,088,783 |
| R&D expenditure | 62,812 | 69,662 | 69,364 | 71,595 | 78,314 | 400,100 | 441,036 | 492,956 | 537,619 | 602,499 |
| Taxes paid | 45,800 | 36,913 | 55,026 | 31,345 | 67,615 | 284,778 | 285,084 | 283,920 | 294,629 | 390,818 |
| <i>Workforce</i> | | | | | | | | | | |
| Employment (thousands) | 7,661 | 7,862 | 8,083 | 7,714 | 7,940 | 127,458 | 129,819 | 131,806 | 123,103 | 127,765 |
| Employee compensation | 621,050 | 648,891 | 672,726 | 653,353 | 689,681 | 8,499,494 | 8,952,809 | 9,385,843 | 9,461,501 | 10,352,674 |
| Average compensation per employee (thousands) | 81 | 83 | 83 | 85 | 87 | 67 | 69 | 71 | 77 | 81 |
| <i>Productivity</i> | | | | | | | | | | |
| Value added per employee (thousands) | 135.1 | 141.7 | 140.8 | 133.7 | 146.2 | 117.2 | 121.5 | 124.8 | 130.4 | 141.6 |
| <i>Trade</i> | | | | | | | | | | |
| Goods exports | 364,408 | 397,379 | 387,249 | 354,467 | 412,120 | 1,557,003 | 1,676,913 | 1,655,098 | 1,433,852 | 1,765,884 |
| Goods imports | 689,219 | 750,848 | 699,259 | 674,607 | 763,737 | 2,356,345 | 2,555,662 | 2,512,358 | 2,346,727 | 2,849,395 |
| Goods import/export ratio | 1.89 | 1.89 | 1.81 | 1.90 | 1.85 | 1.51 | 1.52 | 1.52 | 1.64 | 1.61 |
| Services exports | 123,240 | 122,081 | 124,553 | 124,812 | 143,707 | 837,474 | 865,549 | 891,177 | 726,296 | 801,143 |
| Services to U.S. persons/Services imports | 1,123,825 | 1,192,047 | 1,236,728 | 1,162,149 | 1,322,252 | 555,070 | 565,395 | 593,313 | 466,301 | 559,205 |
| <i>Manufacturing only</i> | | | | | | | | | | |
| Value added | 451,055 | 478,364 | 491,330 | 418,020 | 448,381 | 2,109,718 | 2,261,819 | 2,267,681 | 2,148,124 | 2,366,452 |
| R&D expenditure | 44,540 | 48,118 | 48,835 | 50,948 | 55,955 | 257,227 | 274,075 | 285,674 | 308,445 | 326,060 |
| Employment (thousands) | 2,716 | 2,827 | 2,869 | 2,761 | 2,812 | 12,440 | 12,670 | 12,808 | 12,114 | 12,335 |
| Employee compensation | 247,888 | 261,187 | 271,931 | 259,852 | 274,093 | 1,053,399 | 1,101,197 | 1,129,331 | 1,115,193 | 1,178,112 |
| Average compensation per employee (thousands) | 91 | 92 | 95 | 94 | 97 | 85 | 87 | 88 | 92 | 96 |
| Value added per employee (thousands) | 166.1 | 169.2 | 171.3 | 151.4 | 159.5 | 169.6 | 178.5 | 177.1 | 177.3 | 191.8 |



Note: Unless otherwise indicated, dollar values are in millions. Private industry taxes paid are all corporate tax receipts. MOUSA = Majority-owned U.S. affiliates of foreign MNEs.

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Table A2. MOUSA share of private industry economic activity

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------|--------|--------|--------|--------|
| All Industries | | | | | |
| <i>Key variables</i> | | | | | |
| Value Added | 6.9% | 7.1% | 6.9% | 6.4% | 6.4% |
| R&D Expenditure | 15.7% | 15.8% | 14.1% | 13.3% | 13.0% |
| Taxes paid | 16.1% | 12.9% | 19.4% | 10.6% | 17.3% |
| <i>Workforce</i> | | | | | |
| Employment (thousands) | 6.0% | 6.1% | 6.1% | 6.3% | 6.2% |
| Employee compensation | 7.3% | 7.2% | 7.2% | 6.9% | 6.7% |
| <i>Trade</i> | | | | | |
| Goods Exports | 23.4% | 23.7% | 23.4% | 24.7% | 23.3% |
| Goods Imports | 29.2% | 29.4% | 27.8% | 28.7% | 26.8% |
| Services Exports | 14.7% | 14.1% | 14.0% | 17.2% | 17.9% |
| Services to U.S. persons/Services imports | 202.5% | 210.8% | 208.4% | 249.2% | 236.5% |
| Manufacturing only | | | | | |
| Value Added | 21.4% | 21.1% | 21.7% | 19.5% | 18.9% |
| R&D Expenditure | 17.3% | 17.6% | 17.1% | 16.5% | 17.2% |
| Employment (thousands) | 21.8% | 22.3% | 22.4% | 22.8% | 22.8% |
| Employee compensation | 23.5% | 23.7% | 24.1% | 23.3% | 23.3% |



Note: Shares are calculated as the MOUSA activity value divided by all private industry activity value from table A1. MOUSA = Majority-owned U.S. affiliates of foreign MNEs.

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