



Chronicling 100 Years of the U.S. Economy

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Visual Essay

New Foreign Direct Investment in the United States in 2019

The Bureau of Economic Analysis (BEA) recently released statistics on [2019 new foreign direct investment in the United States](#). These statistics provide information on the acquisition and establishment of U.S. business enterprises by foreign investors and on the expansion of existing U.S. affiliates of foreign companies to establish new production facilities. These annual statistics provide information on the amount and characteristics of new investments in the United States by foreign investors and are obtained from a mandatory survey of foreign-owned U.S. businesses conducted by BEA.

Key Terms

Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise resident in another economy. Ownership or control of 10 percent or more of the voting securities of an entity in another economy is the threshold for separating direct investment from other types of investment. A **new foreign direct investment** is a transaction in which a foreign direct investor acquires a U.S. business enterprise or initiates a greenfield investment.

An **acquisition** occurs when a foreign entity acquires a voting interest (directly, or indirectly through an existing U.S. affiliate) of at least 10 percent in a U.S. enterprise. Acquisitions of additional voting interest in existing U.S. affiliates in which a foreign entity already has a 10 percent voting interest are excluded.

An **establishment** occurs when a foreign entity, or an existing U.S. affiliate of a foreign entity, establishes a new legal entity in the United States in which the foreign entity owns 10 percent or more of the new business enterprise's voting interest.

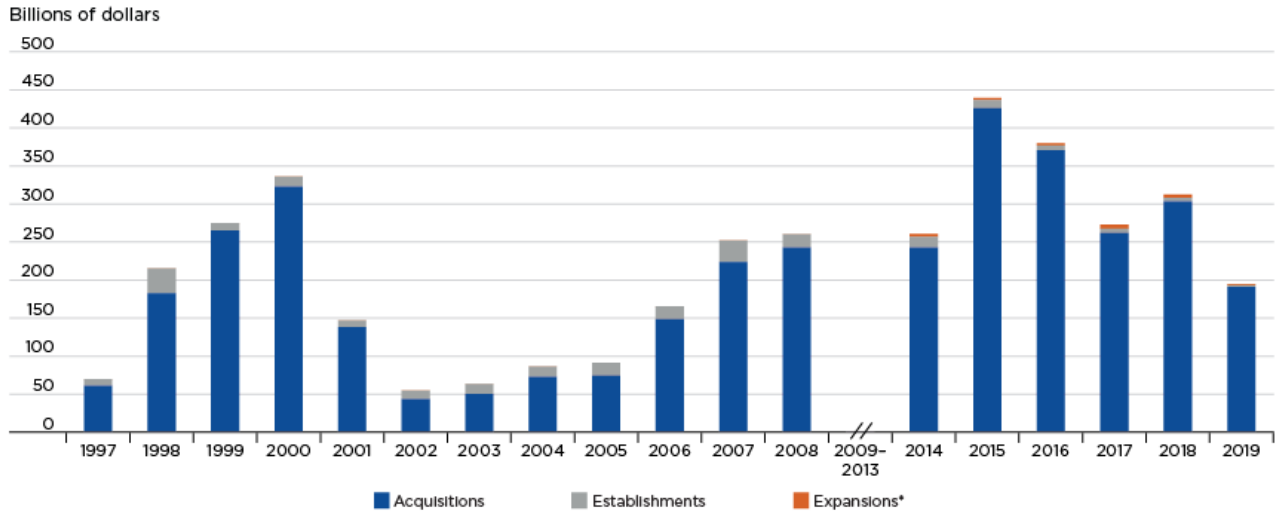
An **expansion** occurs when an existing U.S. affiliate of a foreign parent expands its operations to include a new facility where business is conducted.

Greenfield investment includes establishments and expansions.

The **ultimate beneficial owner (UBO)** is that entity, proceeding up a U.S. affiliate's ownership chain, that is not owned more than 50 percent by another entity. The UBO ultimately owns or controls, and thus ultimately derives the benefits and assumes the risks from owning or controlling, the U.S. affiliate. The country of the UBO is often the same as that of the foreign parent, but it may be a different country or the United States.

Expenditures

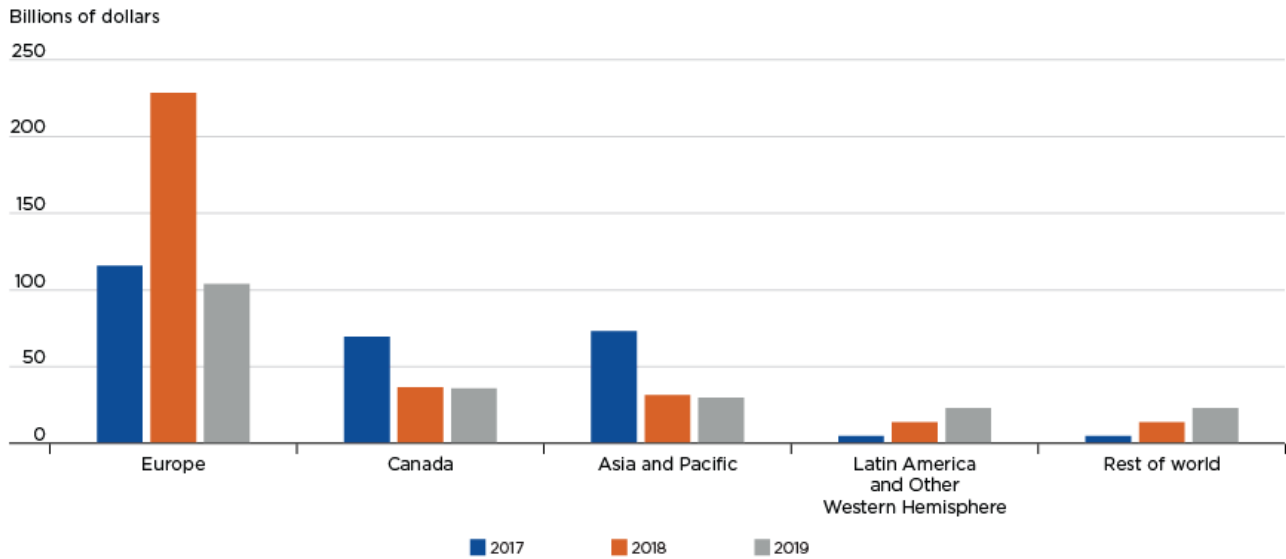
Chart 1. New Foreign Direct Investment in the United States, 1997–2019



* Expansions included in 2014–2019 only.
 Note. Survey not conducted for 2009–2013.
 U.S. Bureau of Economic Analysis

- Expenditures by foreign direct investors to acquire, establish, or expand U.S. businesses totaled \$194.7 billion (preliminary) in 2019.
- Expenditures decreased 37.7 percent from \$312.5 billion (revised) in 2018 and were below the annual average of \$333.0 billion for 2014–2018.
- As in previous years, acquisitions of existing businesses accounted for a large majority of total expenditures.
- In 2019, expenditures for acquisitions were \$190.7 billion, expenditures to establish new U.S. businesses were \$2.5 billion, and expenditures to expand existing foreign-owned businesses were \$1.5 billion.
- Planned total expenditures, which include both first year and planned future expenditures for investments initiated in 2019, were \$203.6 billion.

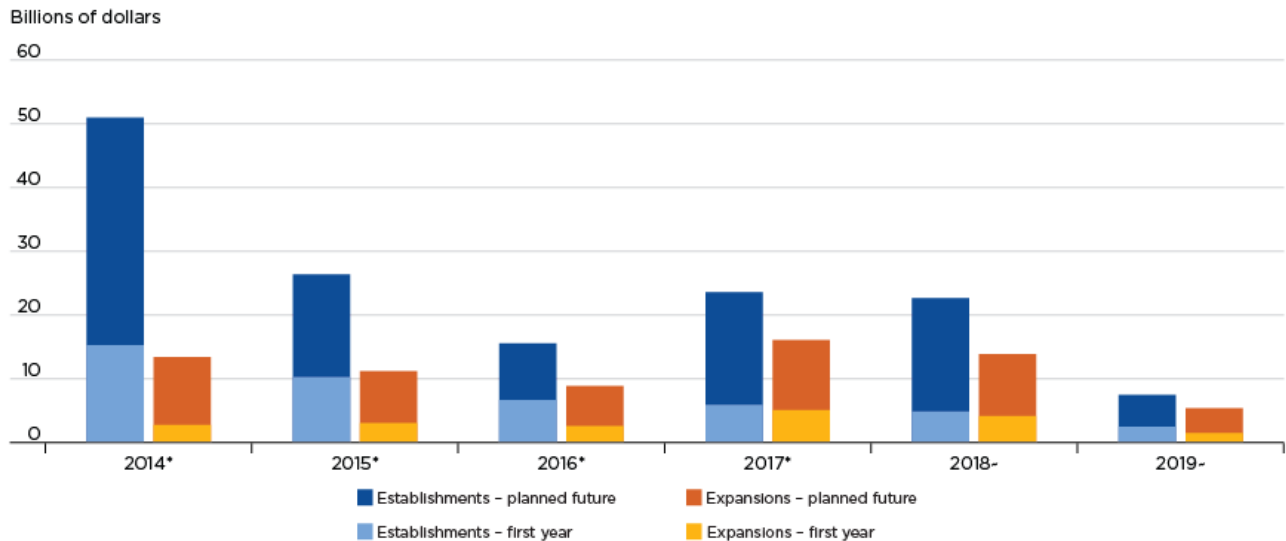
Chart 2. First Year Expenditures by Region of Ultimate Beneficial Owner, 2017–2019



Note. First year expenditures include expenditures for the year in which the transaction occurred.
U.S. Bureau of Economic Analysis

- By region of ultimate beneficial owner (UBO), European investors were the largest source of new foreign direct investment expenditures in 2017–2019.
- By region, Europe had the largest change in new foreign direct investment expenditures between 2018 and 2019, a decrease of \$124.5 billion.
- Europe contributed over half of new investment expenditures in 2019.

Chart 3. Current and Planned Future Investment Expenditures for Greenfield Investments, 2014–2019

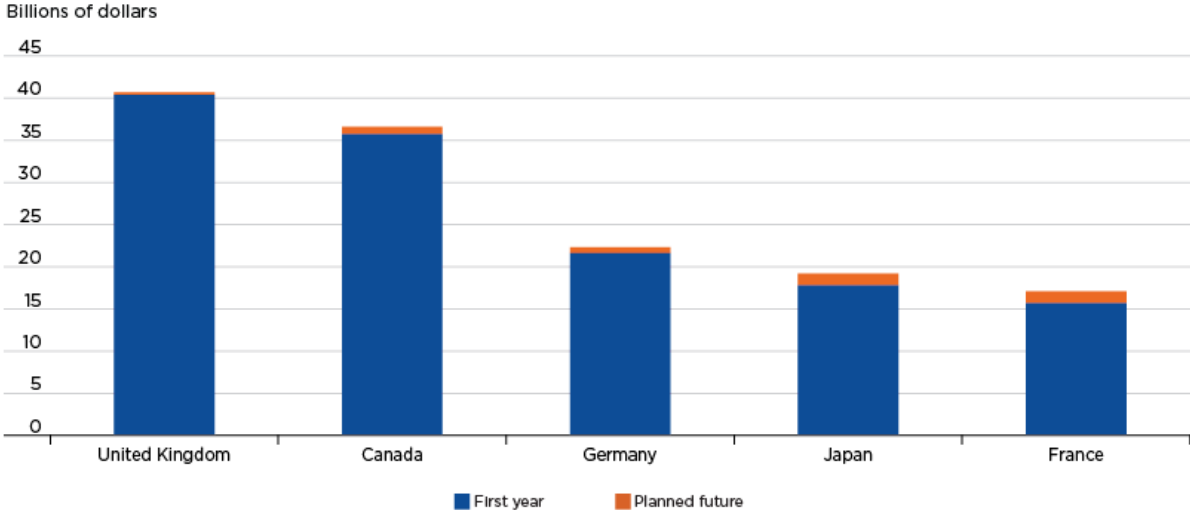


* Most recent update
- Initial plan
U.S. Bureau of Economic Analysis

- Greenfield investment expenditures—expenditures to either establish a new U.S. business or to expand an existing foreign-owned U.S. business—were \$4.0 billion in 2019.
- Planned total expenditures for establishments and expansions initiated in 2019 were \$12.9 billion.

- Greenfield projects can take multiple years to complete. Over half of total planned expenditures for these projects are incurred in years beyond the one in which the investment was initiated.
- For establishments initiated in 2019, planned total expenditures were \$7.5 billion of which \$5.0 billion will be incurred in future years.
- For expansions initiated in 2019, planned total expenditures were \$5.4 billion of which \$3.9 billion will be incurred in future years.

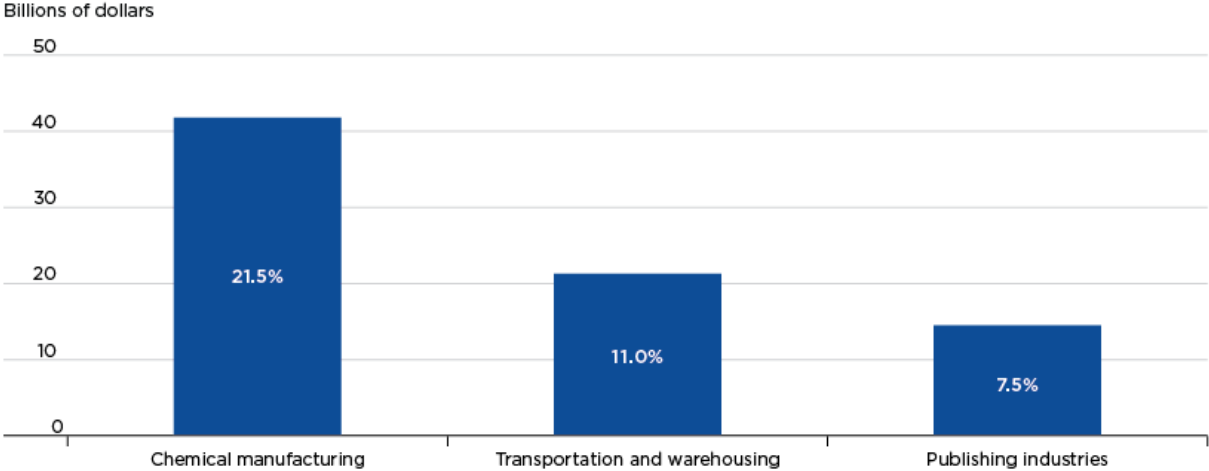
Chart 4. Planned Total Expenditures by Country of Ultimate Beneficial Owner, 2019



Note. 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. For acquired U.S. businesses, first year expenditures and planned total expenditures are the same.
 U.S. Bureau of Economic Analysis

- By country of UBO, the largest investing country was the United Kingdom, with expenditures of \$40.4 billion.
- Canada (\$35.7 billion) was the second largest investing country, followed by Germany (\$21.6 billion) and Japan (\$17.8 billion).
- Japan (\$1.1 billion) and Canada (\$1.0 billion) had the largest greenfield expenditures.

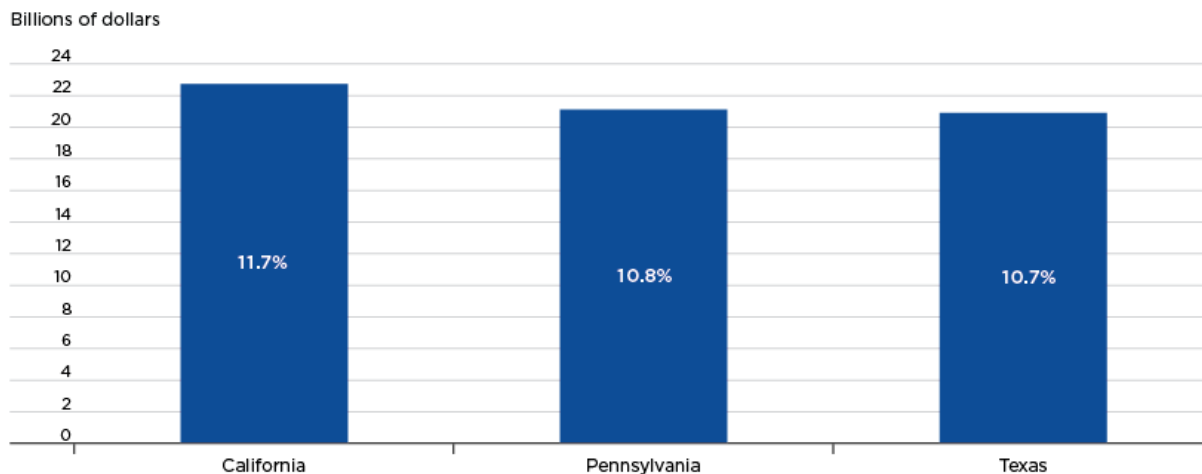
Chart 5. First Year Expenditures by Industry of Affiliate, 2019



U.S. Bureau of Economic Analysis

- Expenditures for new direct investment were largest in manufacturing, at \$78.2 billion, accounting for 40.2 percent of total expenditures.
- Within manufacturing, expenditures were largest in chemical manufacturing (\$41.8 billion), primarily in pharmaceuticals and medicines.
- There were also notable expenditures in transportation and warehousing (\$21.3 billion) and in publishing industries (\$14.5 billion), rounding out the top three.

Chart 6. First Year Expenditures by State, 2019

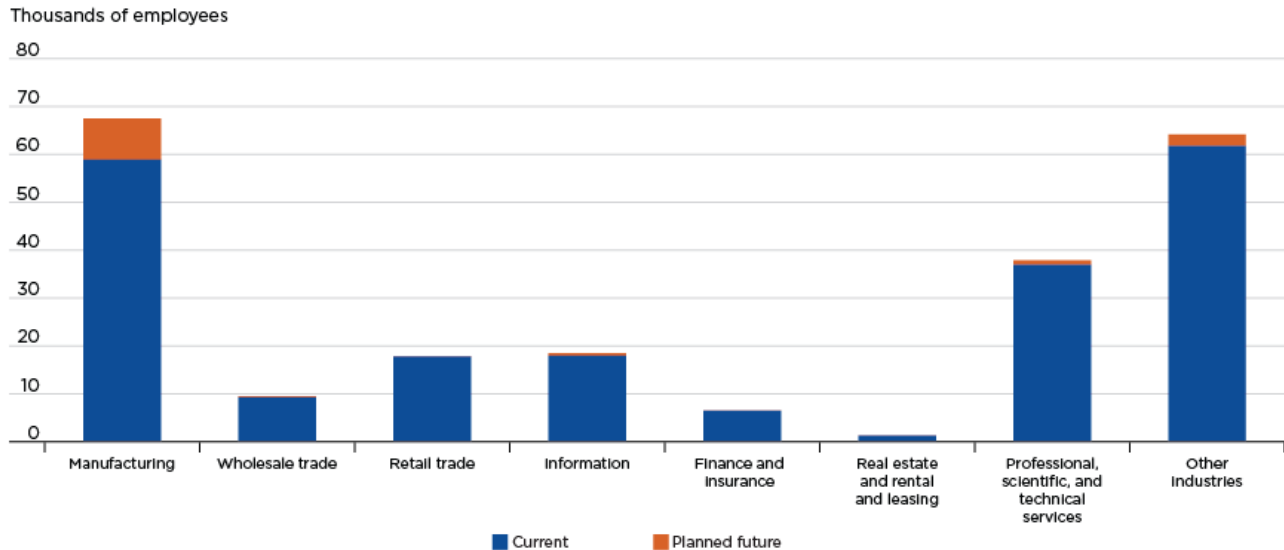


Note. Statistics are shown for the state in which the newly acquired, established, or expanded U.S. business enterprise is located. If the U.S. business enterprise operates in more than one state, it is the state where the largest number of employees are based; if there are no employees, it is the state of incorporation of the U.S. business enterprise.
U.S. Bureau of Economic Analysis

- By U.S. state, California received the largest investment, with expenditures of \$22.7 billion.
- Pennsylvania (\$21.1 billion) and Texas (\$20.9 billion) were the second and third largest destination states, respectively.
- Combined, these three states were the destination for 33.3 percent of expenditures in 2019.
- In 2019, 49 states, Puerto Rico, and the District of Columbia received new foreign direct investment.

Employment

Chart 7. Employment by Industry, 2019

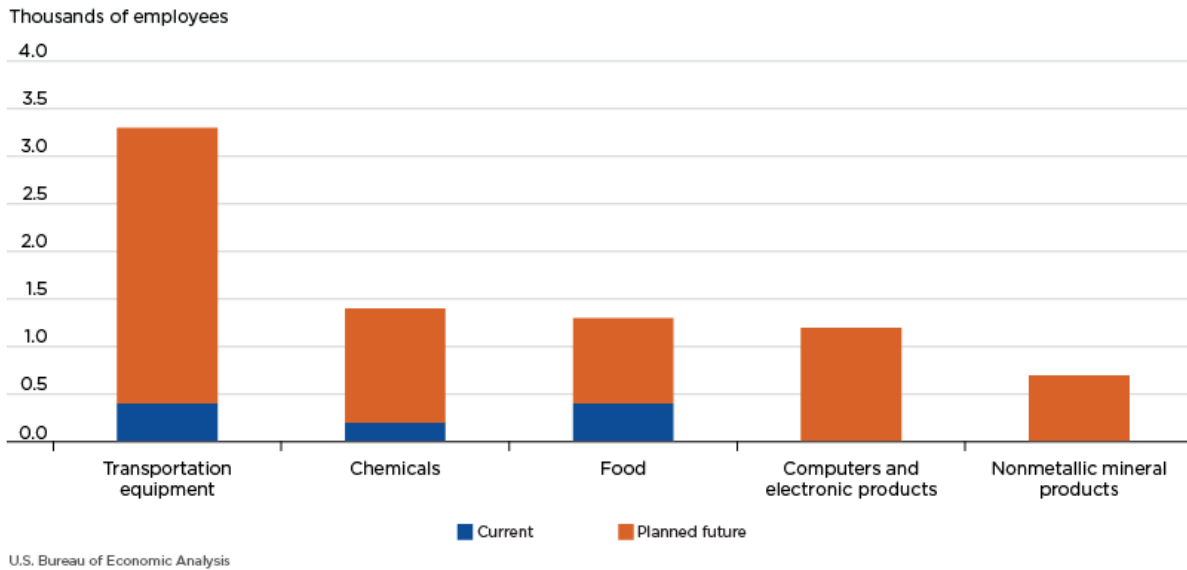


Note. Statistics include all full-time and part-time employees on payroll and exclude contract workers and other workers not carried on payroll of the U.S. business enterprise. Current employment includes the employment of the acquired, established, or new facilities of expanded affiliates at the time the transactions occurred or the investments were initiated. Planned future employment is the employment expected to be added to established or expanded business enterprises once they are fully operating.

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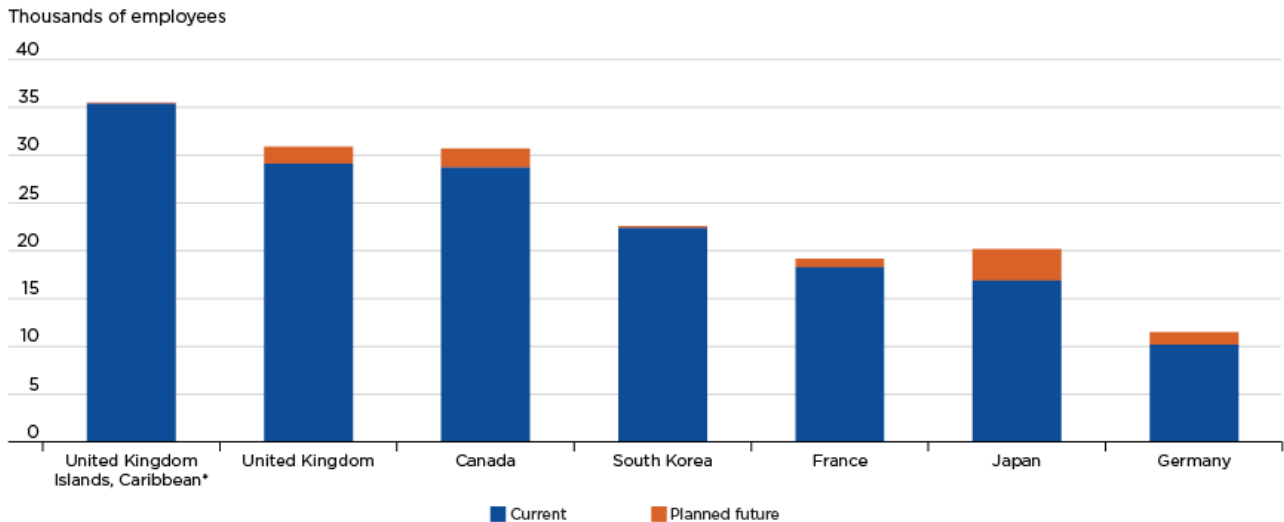
- In 2019, employment at newly acquired, established, or expanded foreign-owned businesses in the United States was 210,600 employees.
- Current employment of acquired enterprises was 208,100.
- By industry, construction accounted for the largest number of employees (18,800), followed by food manufacturing (17,600).
- Total planned employment, which includes the current employment of acquired enterprises, the planned employment of newly established business enterprises when fully operational, and the planned employment associated with expansions, was 223,400.
- Manufacturing was also the largest source of planned total greenfield employment (10,400).

Chart 8. Greenfield Employment by Industry, 2019



- The top five industries for planned total employment from greenfield investments were in the manufacturing sector.
- When complete, manufacturing greenfield investments initiated in 2019 plan to employ 10,400.
- Transportation equipment manufacturing greenfield investments have the highest planned total employment (3,300), followed by chemical manufacturing (1,400) and food manufacturing (1,300).

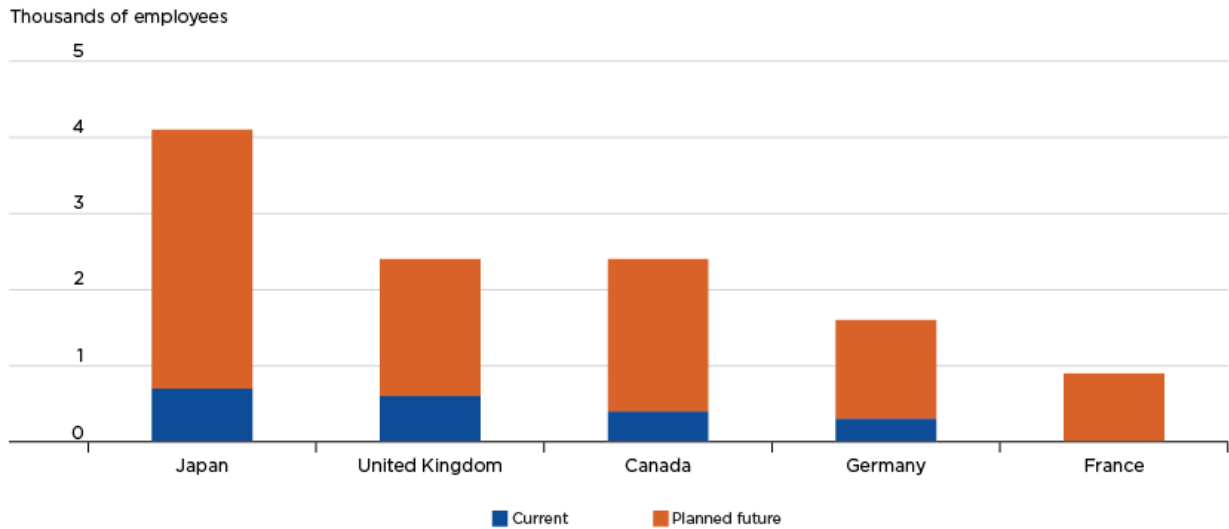
Chart 9. Employment by Country of Ultimate Beneficial Owner, 2019



* The "United Kingdom Islands, Caribbean" consists of the British Virgin Islands, the Cayman Islands, Montserrat, and the Turks and Caicos Islands.

- By country of UBO, the United Kingdom Islands in the Caribbean, which include the British Virgin Islands and Cayman Islands, accounted for the largest number of current employees (35,400), followed by the United Kingdom (29,100) and Canada (28,700).

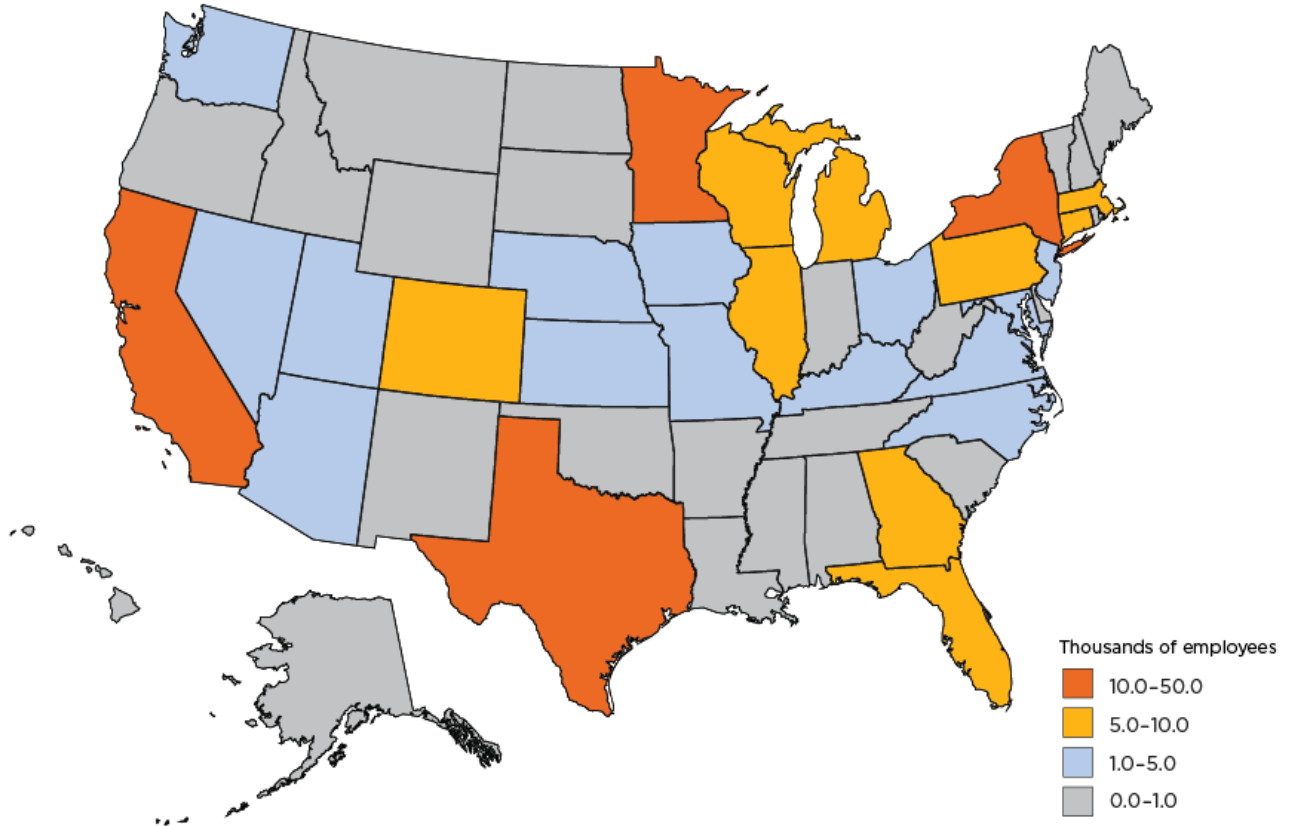
Chart 10. Greenfield Employment by Country of Ultimate Beneficial Owner, 2019



U.S. Bureau of Economic Analysis

- Greenfield investments by Japanese companies in 2019 had the highest planned employment (4,100) upon completion.
- The United Kingdom and Canada tied for second, with 2,400 planned total greenfield employment.
- European greenfield investments plan to employ 6,400 when complete—the largest region in 2019.

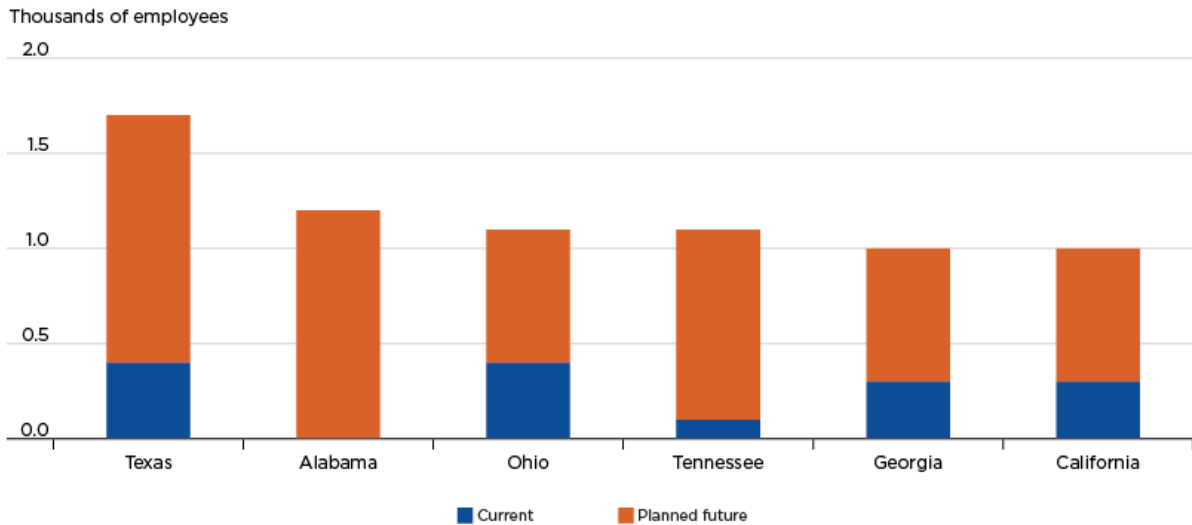
Chart 11. Employment Accounted for by New Foreign Direct Investment, 2019



Note. Employment for an acquired entity that operated in multiple states is attributed to the state in which it had the greatest number of employees.
U.S. Bureau of Economic Analysis

- Minnesota had the largest employment (39,800).
- Four states (Minnesota, Texas, California, and New York) had employment over 10,000.

Chart 12. Greenfield Employment by State, 2019



U.S. Bureau of Economic Analysis

- Texas had the highest planned total employment for greenfield investments initiated by foreign investors in 2019. When complete, these establishments and expansions plan to employ 1,700.
- Alabama (1,200) and Ohio (1,100) had the second- and third-highest planned employment for greenfield investments initiated in 2019.
- Forty-six states and the District of Columbia had planned employment from greenfield investments initiated in 2019.

Other BEA statistics on Foreign Direct Investment in the United States

BEA publishes three sets of statistics on foreign direct investment in the United States: (1) new foreign direct investment statistics, (2) foreign direct investment transactions and foreign direct investment position statistics, and (3) activities of multinational enterprises statistics. More information about the relationship between these three sets of statistics can be found on [BEA's website](#).