



Chronicling 100 Years of the U.S. Economy

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Visual Essay

New Foreign Direct Investment in the United States in 2020

The Bureau of Economic Analysis (BEA) recently released statistics on [2020 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.

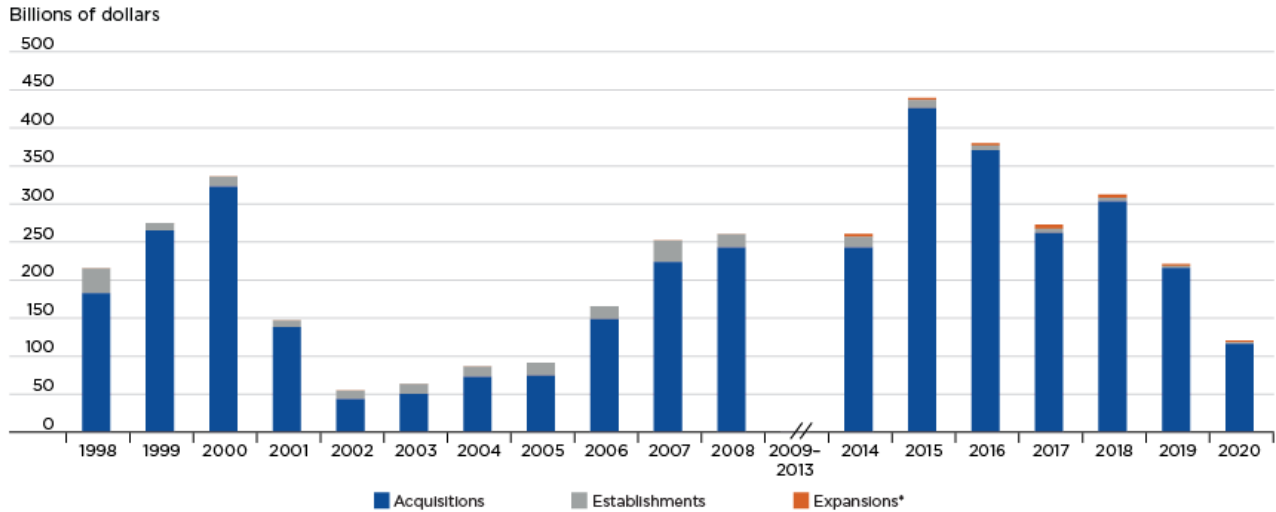
An **expansion** occurs when an existing U.S. affiliate of a foreign parent expands its operations to include a new facility where business is conducted.

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, 1998–2020



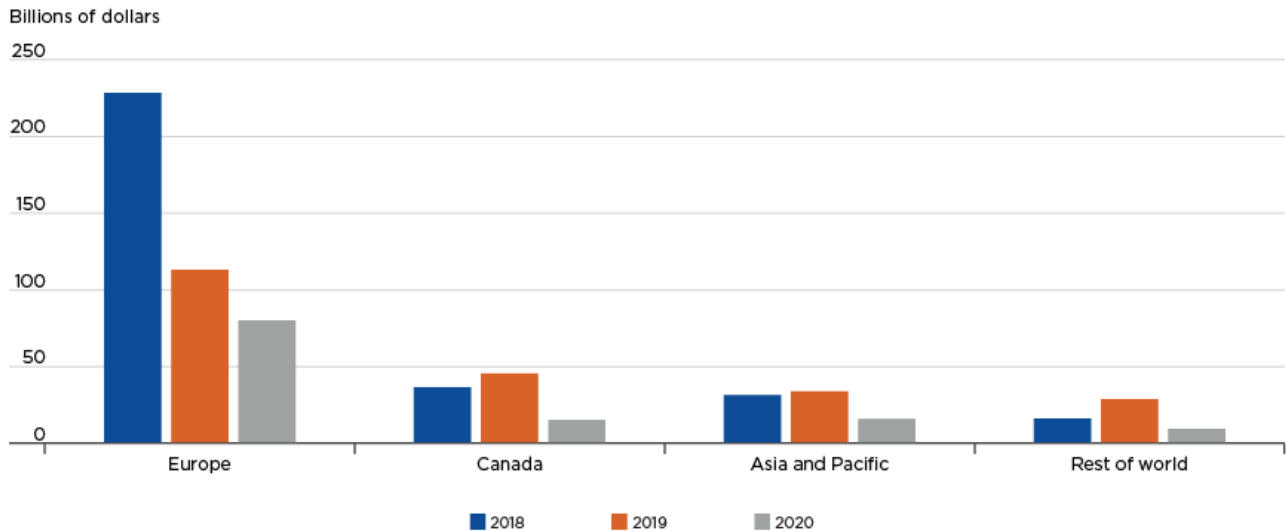
* Expansions included in 2014 to present.

Note. Survey not conducted for 2009–2013.

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- Expenditures by foreign direct investors to acquire, establish, or expand U.S. businesses totaled \$120.7 billion (preliminary) in 2020.
- Expenditures decreased 45.4 percent from \$221.2 billion (revised) in 2019 and were below the annual average of \$314.4 billion for 2014–2019.
- As in previous years, acquisitions of existing businesses accounted for a large majority of total expenditures.
- In 2020, expenditures for acquisitions were \$116.3 billion, expenditures to establish new U.S. businesses were \$1.9 billion, and expenditures to expand existing foreign-owned businesses were \$2.4 billion.
- Planned total expenditures, which include both first-year and planned future expenditures for investments initiated in 2020, were \$135.8 billion.

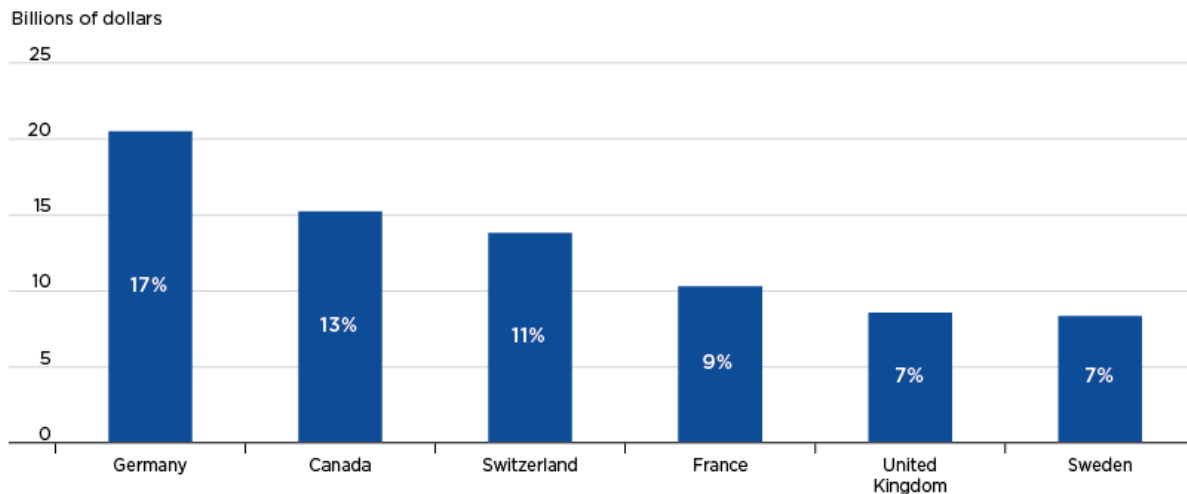
Chart 2. First-Year Expenditures by Region of Ultimate Beneficial Owner, 2018–2020



Note. First-year expenditures include expenditures for the year in which the transaction occurred.
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- By region of UBO, European investors were the largest source of new foreign direct investment expenditures in 2018–2020.
- By region, Europe had the largest change in new foreign direct investment expenditures between 2019 and 2020, a decrease of \$33.1 billion.
- Europe contributed over two-thirds of new investment expenditures in 2020.

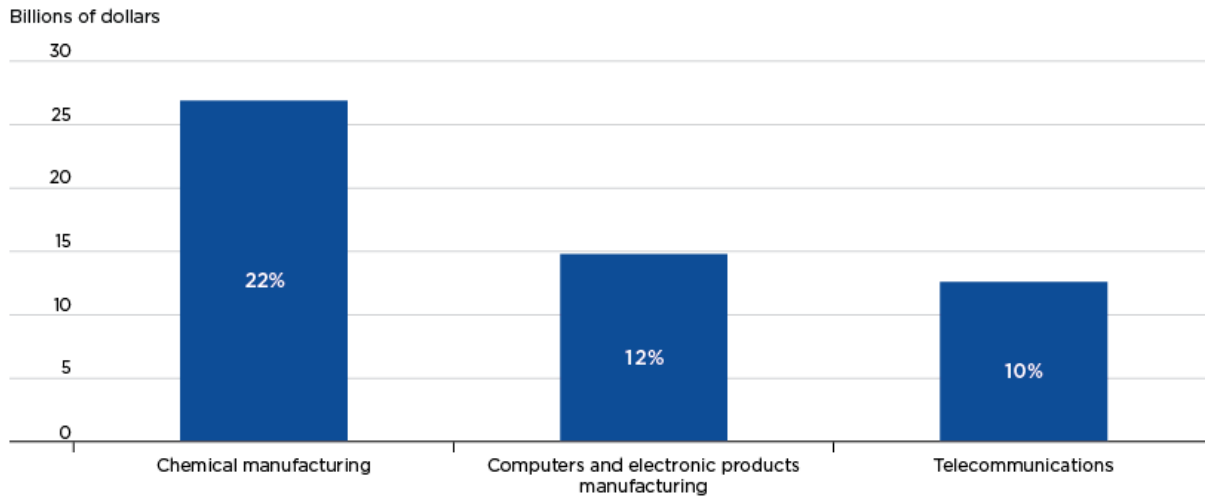
Chart 3. First-Year Expenditures by Country of Ultimate Beneficial Owner, 2020



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- By country of UBO, Germany was the largest investing country, with expenditures of \$20.5 billion in 2020.
- Investments by German investors accounted for 17 percent of new foreign direct investment expenditures.
- Canada (\$15.2 billion) was the second-largest investing country, followed by Switzerland (\$13.8 billion).

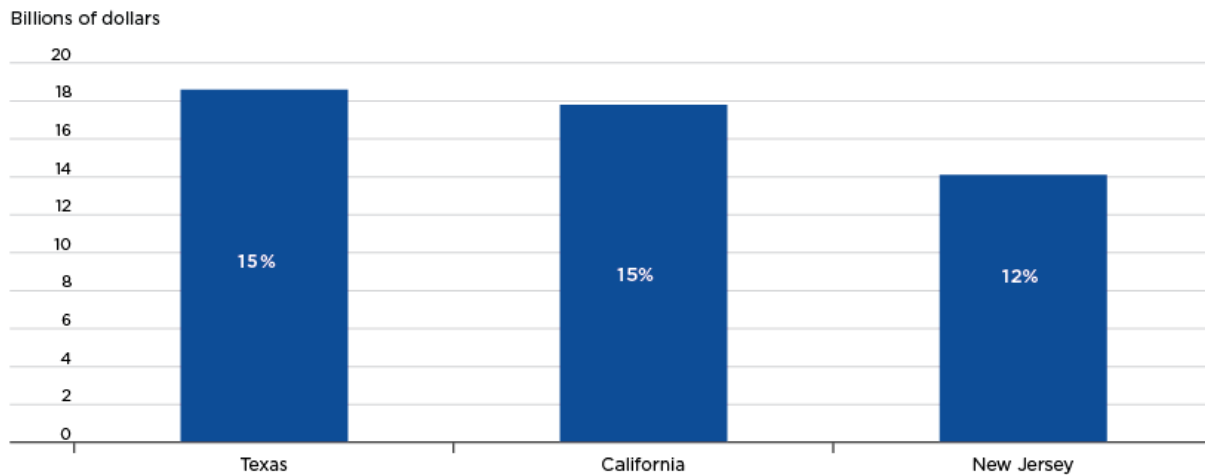
Chart 4. First-Year Expenditures by Industry of Affiliate, 2020



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- Expenditures for new foreign direct investment were largest in manufacturing, at \$63.3 billion, accounting for 52.4 percent of total expenditures in 2020.
- Within manufacturing, expenditures were largest in chemical manufacturing (\$26.9 billion), primarily in pharmaceuticals and medicines.
- Computers and electronic products manufacturing (\$14.8 billion) and telecommunications (\$12.6 billion) round out the top three.
- Chemical manufacturing was also the top industry for new foreign direct investment expenditures in 2018 and 2019.

Chart 5. First-Year Expenditures by State, 2020



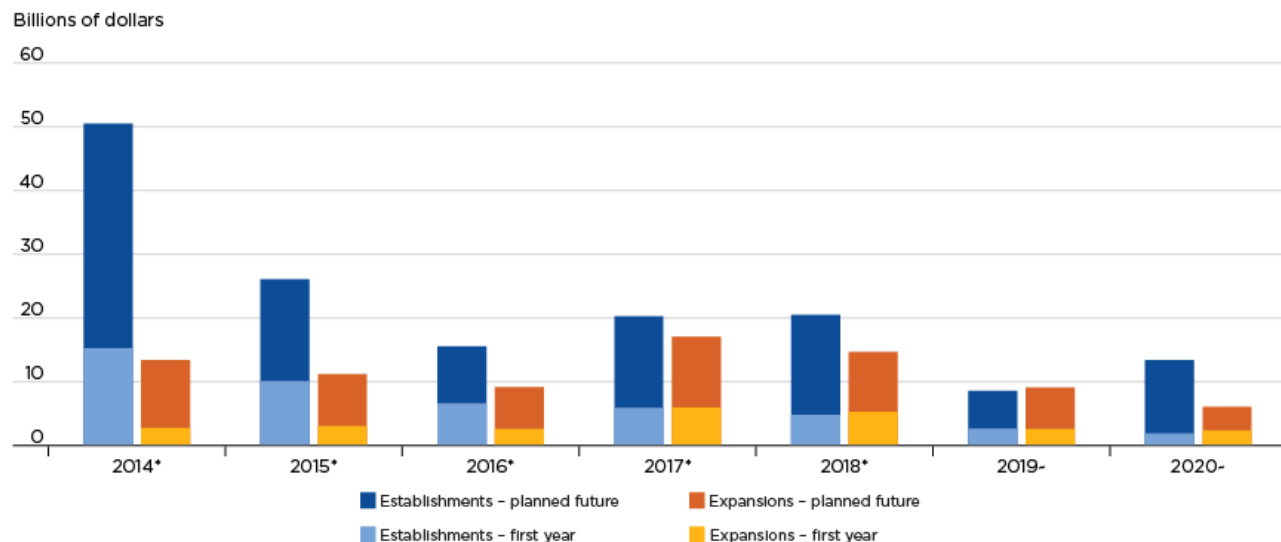
Note. Statistics are shown for the state in which the newly acquired, established, or expanded U.S. business enterprise is located. If the U.S. business enterprise operates in more than one state, it is the state where the largest number of employees are based; if there are no employees, it is the state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

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- By U.S. state, Texas received the largest share of first-year investment, with expenditures of \$18.6 billion.
- California (\$17.8 billion) and New Jersey (\$14.1 billion) were the second- and third-largest recipient states, respectively, in 2020.
- Combined, these three states received 41.9 percent of first-year expenditures in 2020.

- In 2020, 48 states, Puerto Rico, and the District of Columbia received new foreign direct investment.

Chart 6. Current and Planned Future Investment Expenditures for Greenfield Investments for Investments Initiated in 2014-2020

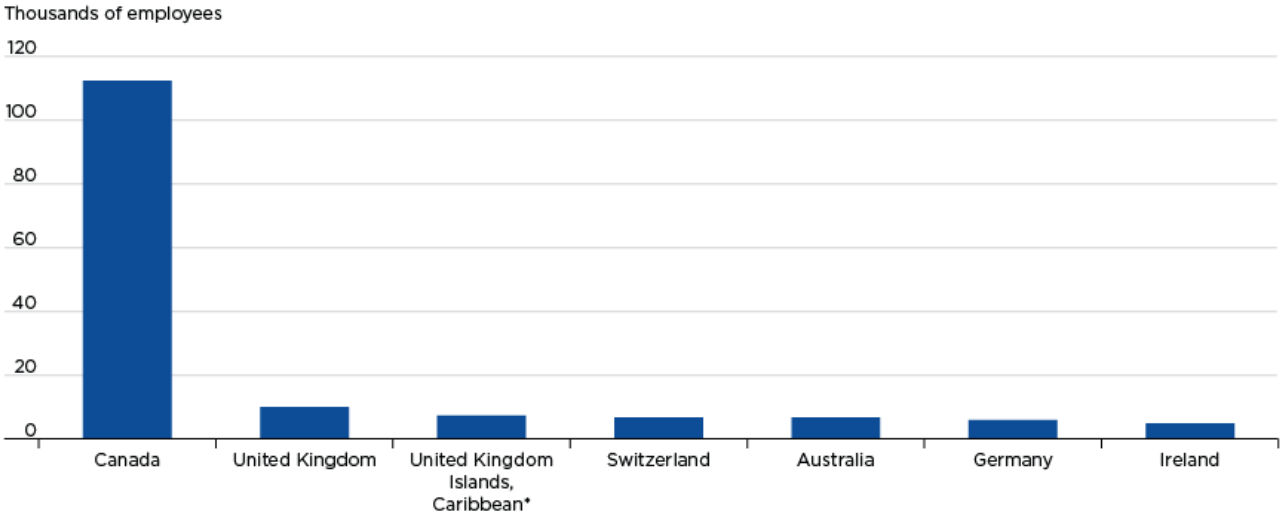


* Most recent update
 - Initial plan
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- First-year greenfield investment expenditures—expenditures to either establish a new U.S. business or to expand an existing foreign-owned U.S. business—were \$4.4 billion in 2020.
- Planned total expenditures (first-year and planned future) for establishments and expansions initiated in 2020 were \$19.5 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 2020, planned total expenditures were \$13.4 billion, of which \$11.5 billion will be incurred in future years.
- For expansions initiated in 2020, planned total expenditures were \$6.1 billion, of which \$3.7 billion will be incurred in future years.

Employment

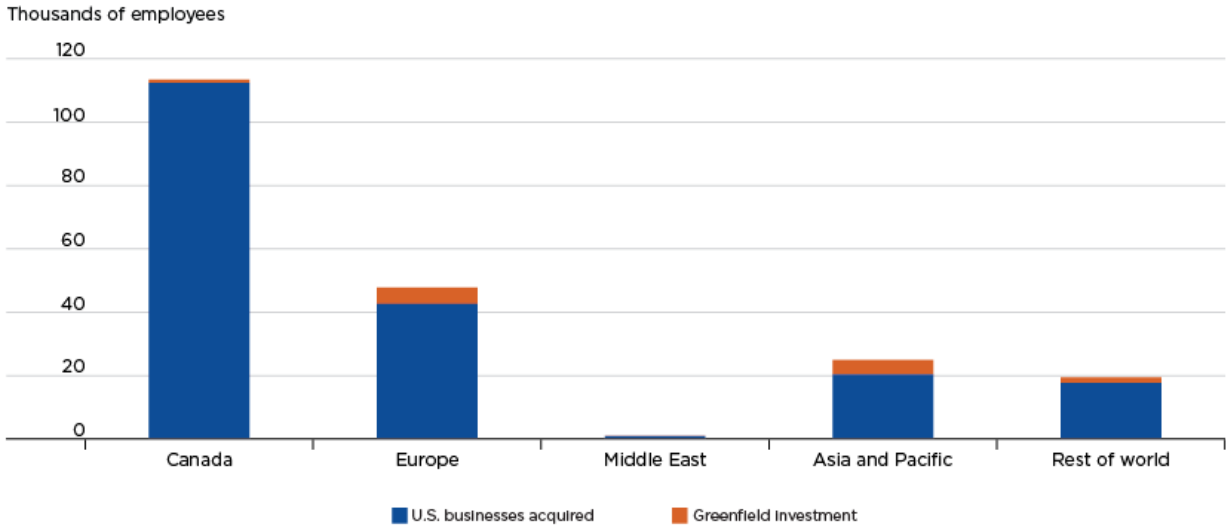
Chart 7. Current Employment by Country of Ultimate Beneficial Owner, 2020



* The "United Kingdom Islands, Caribbean" consists of the British Virgin Islands, the Cayman Islands, Montserrat, and the Turks and Caicos Islands.
 Note. Statistics include all full-time and part-time employees on payroll and exclude contract workers and other workers not carried on the 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.
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- In 2020, employment at newly acquired, established, or expanded foreign-owned U.S. businesses was 197,500.
- Current employment of newly acquired U.S. business enterprises was 194,000.
- By country of UBO, Canada accounted for the largest number of current employees (112,400), followed by the United Kingdom (10,100), and the United Kingdom Islands in the Caribbean, which include the British Virgin Islands and Cayman Islands (7,400).

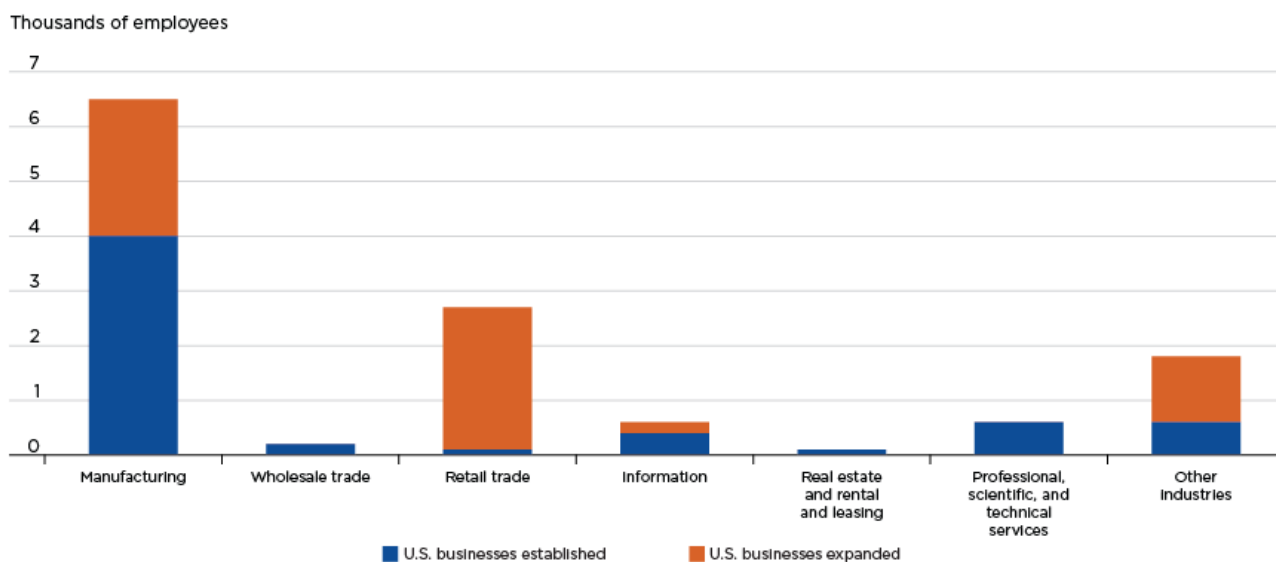
Chart 8. Total Planned Employment by Region of Ultimate Beneficial Owner for Investments Initiated in 2020



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- 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 206,500.
- When complete, greenfield investments initiated in 2020 by foreign direct investors plan to employ 12,500.
- Greenfield investments by European investors in 2020 had the highest planned employment (5,100) upon completion.

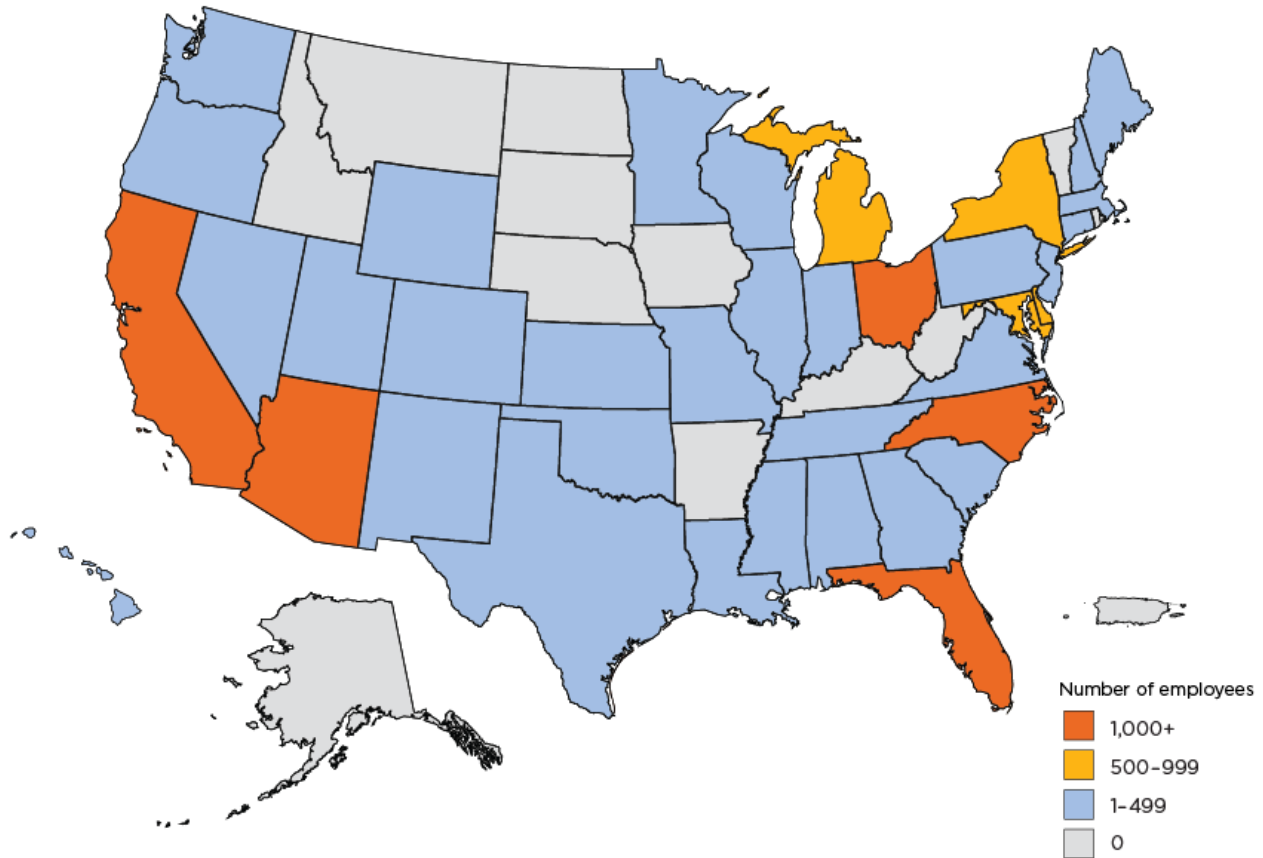
Chart 9. Planned Total Greenfield Employment by Industry for Investments Initiated in 2020



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- Establishments initiated in 2020 by foreign investors plan to employ 6,000 when fully operational.
- When complete, establishments in the manufacturing sector plan to employ 4,000.
- Expansions of existing foreign-owned businesses initiated in 2020 plan to employ 6,500 when complete.
- The highest planned total employment for expansions is in the retail trade sector (2,600), specifically food and beverage stores.

Chart 10. Planned Total Greenfield Employment by State for Investments Initiated in 2020



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- Thirty-eight states and the District of Columbia had planned employment from greenfield investments initiated in 2020.
- Establishments and expansions initiated in Arizona, California, Florida, North Carolina, and Ohio plan to employ over 1,000 people in each state when complete.