

Visual Essay

New Foreign Direct Investment in the United States in 2021

The U.S. Bureau of Economic Analysis (BEA) recently released statistics on [2021 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.

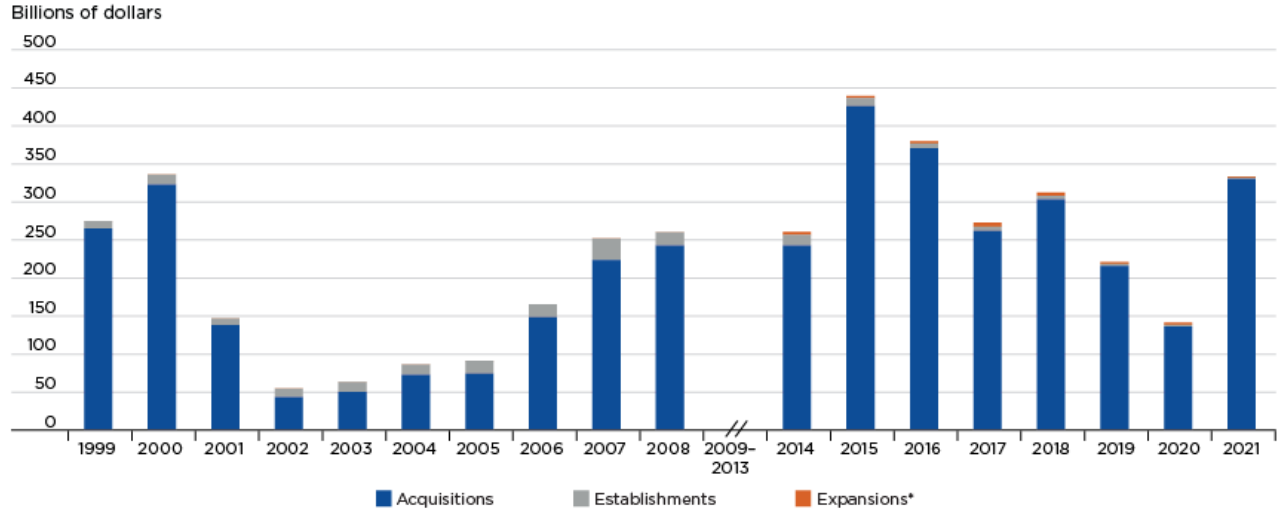
An **expansion** occurs when an existing U.S. affiliate of a foreign parent expands its operations to include a new facility where business is conducted.

Greenfield investment includes establishments and expansions.

The **ultimate beneficial owner (UBO)** is that person, proceeding up a chain of majority ownership (where the entity above owns more than 50 percent of the entity below), beginning with and including the foreign parent, that is not owned more than 50 percent by another person. Unlike the foreign parent, the UBO of an affiliate may be located in the United States.

Expenditures

Chart 1. New Foreign Direct Investment in the United States, 1999–2021



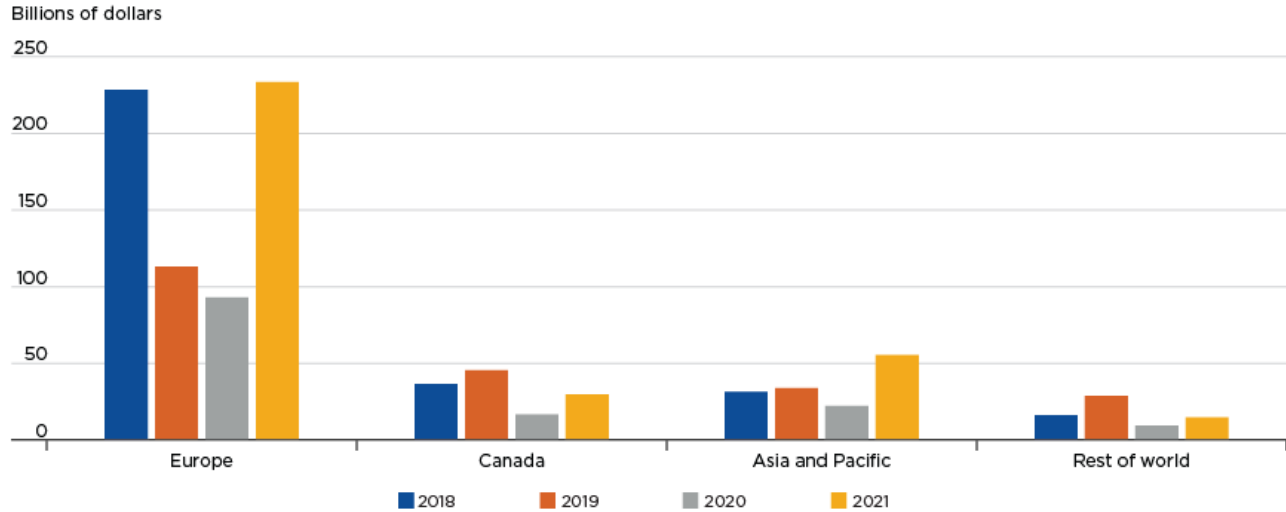
* Expansions included in 2014 to present.

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 \$333.6 billion (preliminary) in 2021.
- Expenditures increased \$192.2 billion from \$141.4 billion (revised) in 2020 and were above the annual average of \$289.7 billion for 2014–2020.
- As in previous years, acquisitions of existing businesses accounted for a large majority of total expenditures.
- In 2021, expenditures for acquisitions were \$330.2 billion, expenditures to establish new U.S. businesses were \$1.6 billion, and expenditures to expand existing foreign-owned businesses were \$1.8 billion.
- Planned total expenditures, which include both first-year and planned future expenditures for investments initiated in 2021, were \$345.8 billion.

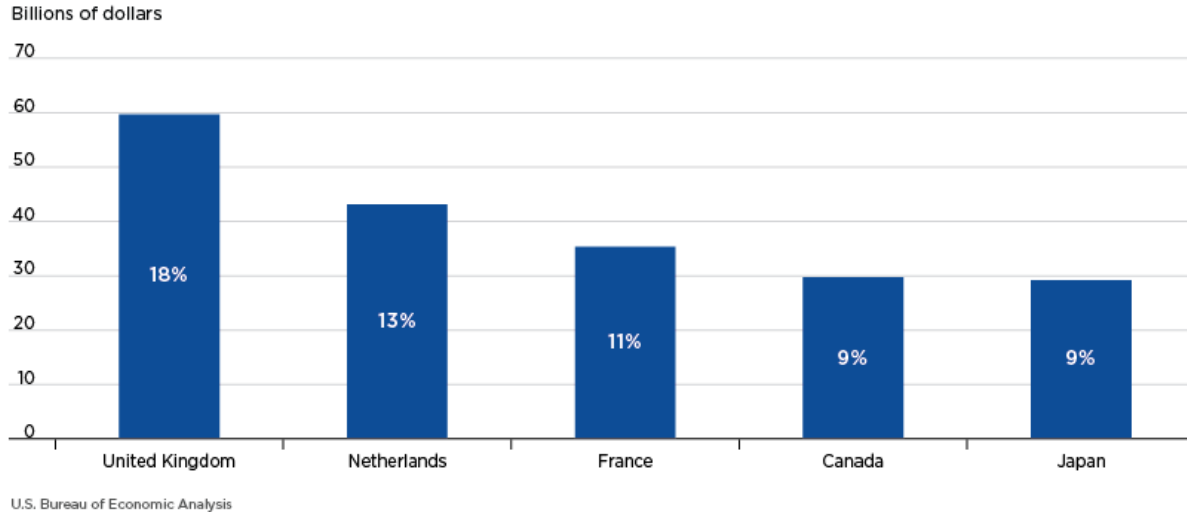
Chart 2. First-Year Expenditures by Region of Ultimate Beneficial Owner, 2018–2021



Note. First-year expenditures include expenditures for the year in which the transaction occurred.
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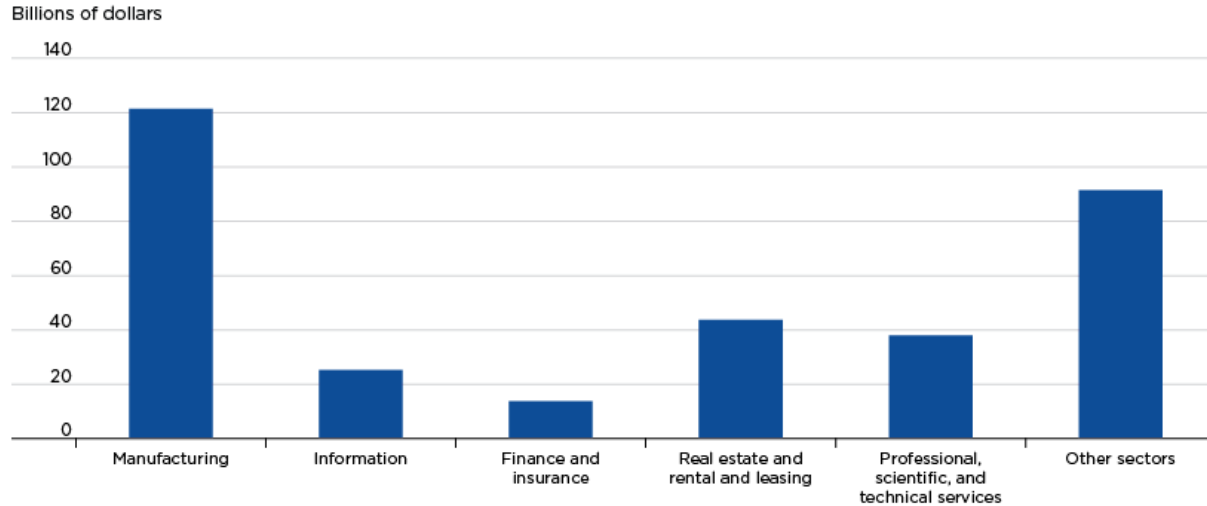
- By region of UBO, European investors were the largest source of new foreign direct investment expenditures in 2018–2021.
- New foreign direct investment expenditures increased from all regions of UBO from 2020 to 2021.
- By region, Europe had the largest change in new foreign direct investment expenditures between 2020 and 2021, an increase of \$140.4 billion.
- Europe contributed 70 percent of new investment expenditures in 2021.

Chart 3. First-Year Expenditures by Country of Ultimate Beneficial Owner, 2021



- By country of UBO, the United Kingdom was the largest investing country, with expenditures of \$59.7 billion in 2021.
- Investments by British investors accounted for 18 percent of new foreign direct investment expenditures.
- The Netherlands (\$43.1 billion) was the second-largest investing country, followed by France (\$35.3 billion).
- The top-five investing countries accounted for 59.1 percent of new foreign direct investment expenditures in 2021.

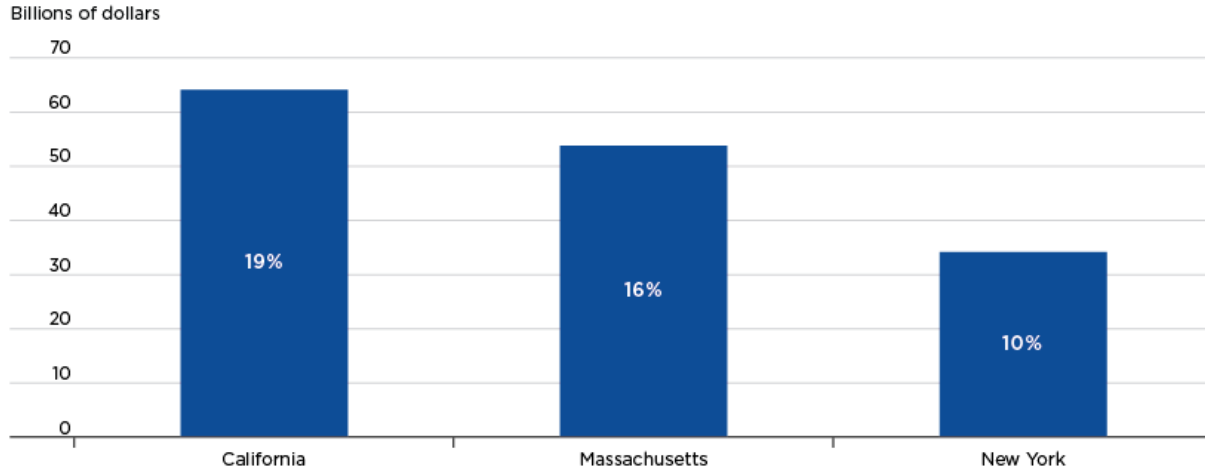
Chart 4. First-Year Expenditures by Industry of Affiliate, 2021



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- Expenditures for new foreign direct investment were largest in manufacturing, at \$121.3 billion, accounting for 36.4 percent of total expenditures in 2021.
- Within manufacturing, expenditures were largest in chemical manufacturing (\$63.2 billion) and computers and electronic products (\$30.2 billion).
- Chemical manufacturing has been the top industry for new foreign direct investment expenditures since 2018.
- There were also notable expenditures in the real estate and rental and leasing sector (\$43.8 billion).

Chart 5. First-Year Expenditures by State, 2021

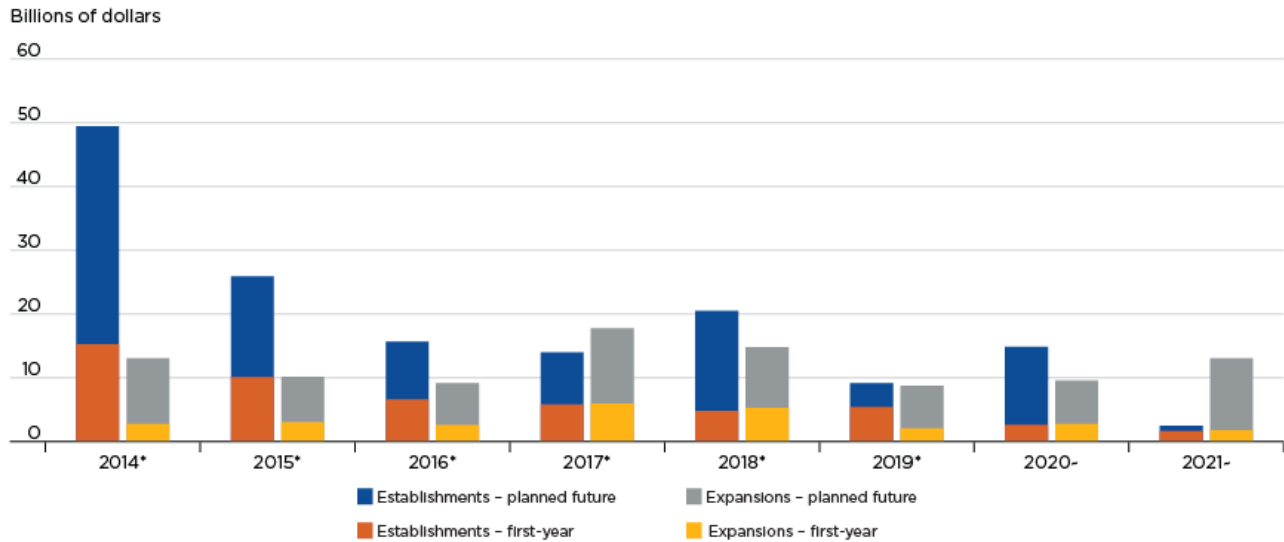


Note. Statistics are shown for the state in which the newly acquired, established, or expanded U.S. business enterprise is located. If the U.S. business enterprise operates in more than one state, it is the state where the largest number of employees are based; if there are no employees, it is the state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

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- By U.S. state, California received the largest share of first-year investment, with expenditures of \$64.1 billion.
- Massachusetts (\$53.8 billion) and New York (\$34.2 billion) were the second- and third-largest recipient states, respectively, in 2021.
- Combined, these three states received 45.6 percent of first-year expenditures in 2021.
- In 2021, 47 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 2014–2021



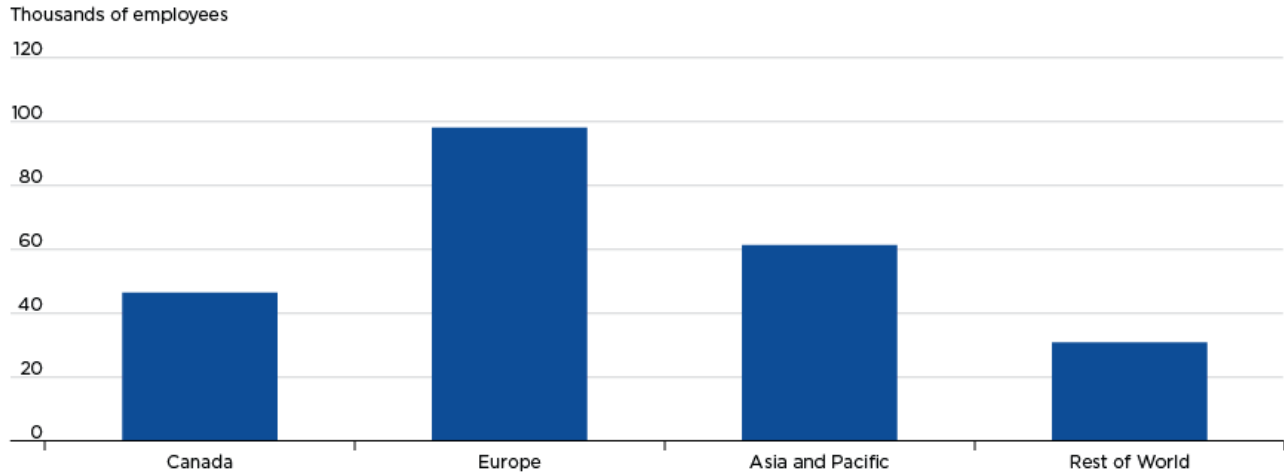
* Most recent update
 - Initial plan

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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 \$3.4 billion in 2021.
- Planned total expenditures (first year and planned future) for establishments and expansions initiated in 2021 were \$15.6 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 2021, planned total expenditures were \$2.5 billion, of which \$0.9 billion will be incurred in future years.
- For expansions initiated in 2021, planned total expenditures were \$13.1 billion, of which \$11.3 billion will be incurred in future years.

Employment

Chart 7. Current Employment by Region of Ultimate Beneficial Owner, 2021

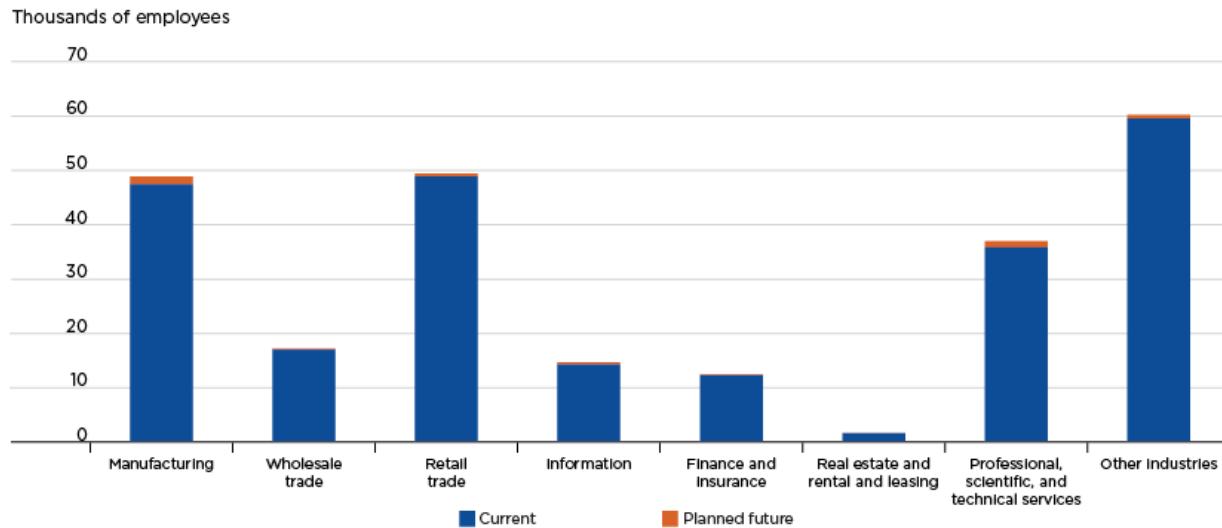


Note. Statistics include all full-time and part-time employees on payroll and exclude contract workers and other workers not carried on payroll of the U.S. business enterprise. Current employment includes the employment of the acquired, established, or new facilities of expanded affiliates at the time the transactions occurred or the investments were initiated.

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- In 2021, employment at newly acquired, established, or expanded foreign-owned U.S. businesses was 236,900.
- Current employment of acquired enterprises was 234,500.
- By region of UBO, Europe accounted for 41.4 percent of current employment in 2021.
- By country of UBO, Canada (46,500), Japan (between 25,000 and 50,000), and the United Kingdom (20,600) accounted for the largest number of employees.¹

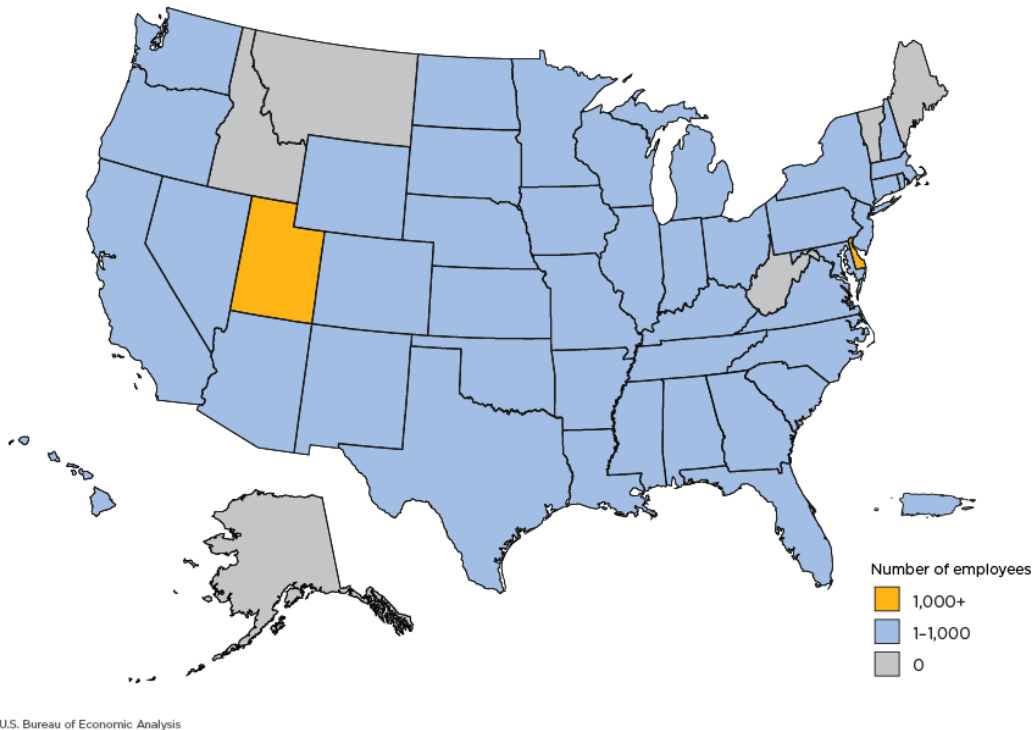
Chart 8. Current and Planned Future Employment by Industry of Affiliate, 2021



Note. Planned future employment consists of the planned future employment of established and expanded business enterprises once they are fully operating.
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- Total planned employment, which includes the current employment of acquired enterprises, the planned future employment of newly established business enterprises when fully operational, and the planned future employment associated with expansions, was 241,400.
- By industry, retail trade accounted for the largest number of current employees (48,900), followed by manufacturing (47,400).
- When complete, greenfield investments initiated in 2021 by foreign direct investors are expected to employ 6,900.

Chart 9. Planned Total Greenfield Employment by State, for Investments Initiated in 2021



- Forty-four states, Puerto Rico, and the District of Columbia had planned employment from greenfield investments initiated in 2021.
- Establishments and expansions in Utah and Delaware plan to employ over 1,000 in each state when complete.

1. Size ranges are provided for employment values that are suppressed to ensure the confidentiality of survey responses.