

Upcoming Improvements to BEA's Statistics on New Foreign Direct Investment in the United States

June 7, 2023

The U.S. Bureau of Economic Analysis (BEA) statistics on new foreign direct investment in the United States 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 investors to establish new production facilities. These annual statistics provide data 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. Importantly, the statistics are published in a manner that allows greenfield investment, which includes establishments and expansions, to be separately identified.

With the July 10, 2023, new foreign direct investment in the United States release, BEA will introduce a new methodology for estimating state-level employment by U.S. businesses newly acquired by foreign investors. Beginning with statistics for 2018, the employment of larger acquired companies, those with 3,000 or more employees, will be distributed among states using establishment-level data from the U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages.¹ This leads to more accurate state-level employment data for larger acquired U.S. businesses, which tend to operate in multiple states. Currently, BEA publishes state-level employment for acquired entities that operate in multiple states based on the state with the greatest number of employees (often the state where the companies' headquarters are located). Data on greenfield investment (that is, establishments and expansions) collected on any single survey response typically cover activity at a single location, and no procedures are needed to distribute greenfield-investment employment among states. This methodological improvement is part of a broader BEA fiscal year 2023 funded initiative to measure global supply chains.

Separately, BEA changed the reporting requirements for respondents that must provide annual cost updates for multiyear establishment or expansion projects. Previously, these updates were collected annually until the project was completed. They will now be collected and compiled for 3 years after the year in which the investment was initiated, or until the project was completed, if within those 3 years. This change reduces respondent burden while allowing BEA to continue to produce high-quality statistics that can help answer questions about whether greenfield projects are completed and whether there are significant differences between planned and actual costs.

Additional information on these improvements will be available in [U.S. International Economic Accounts: Concepts and Methods](#) when it is updated on June 22 along with the "U.S. International Transactions, 1st Quarter 2023 and Annual Update" news release.

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.

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1. Data are limited to those states that have agreed to allow BLS to share establishment-level information with BEA for statistical purposes.



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