

Visual Essay

New Foreign Direct Investment in the United States in 2022

August 15, 2023

The U.S. Bureau of Economic Analysis (BEA) recently released statistics on [2022 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.

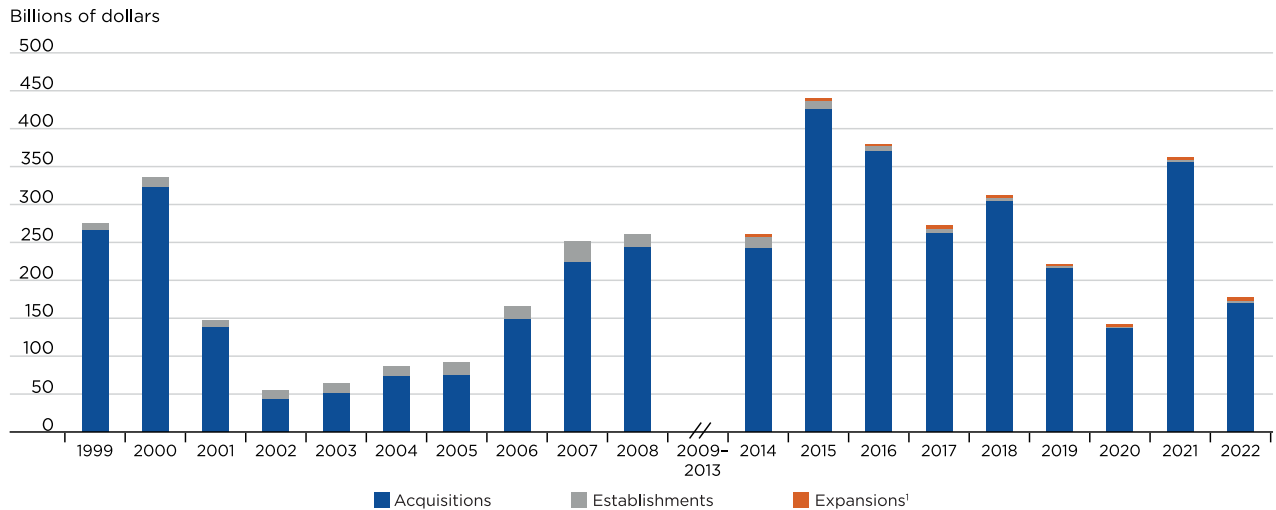
An **expansion** occurs when an existing U.S. affiliate of a foreign parent expands its operations to include a new facility where business is conducted.

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, 1999–2022



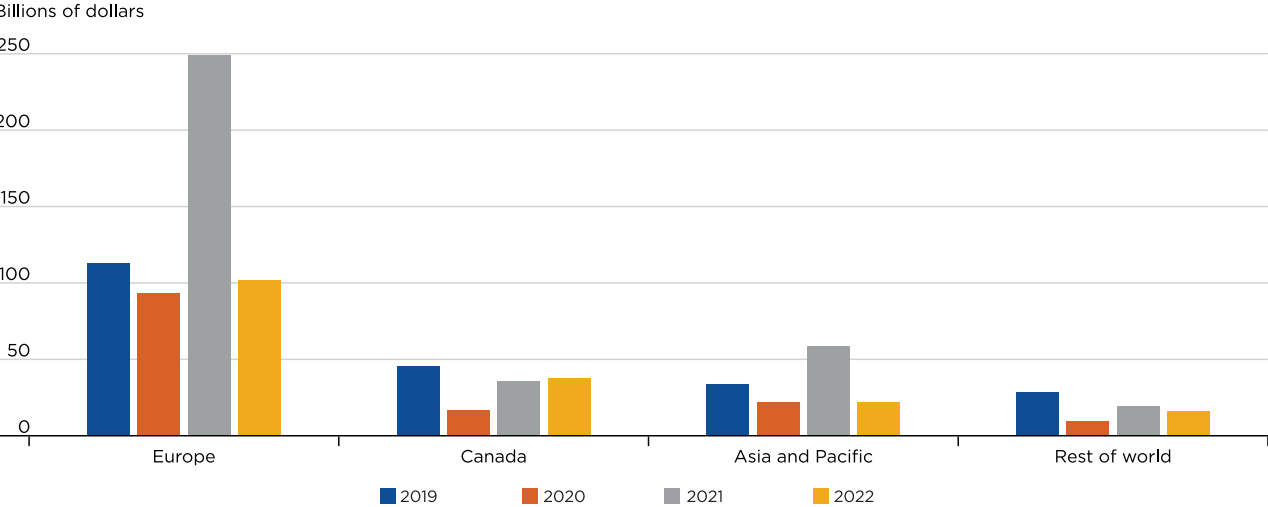
1. Expansions are included in 2014 to present.

Note. The survey used to produce these statistics was not conducted between 2009–2013.

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- Expenditures by foreign direct investors to acquire, establish, or expand U.S. businesses totaled \$177.5 billion (preliminary) in 2022.
- Expenditures decreased \$185.1 billion, or 51 percent, from \$362.6 billion (revised) in 2021 and were below the annual average of \$298.8 billion for 2014–2021.
- As in previous years, acquisitions of existing businesses accounted for a large majority of total expenditures.
- In 2022, expenditures for acquisitions were \$169.4 billion, expenditures to establish new U.S. businesses were \$3.8 billion, and expenditures to expand existing foreign-owned businesses were \$4.4 billion.
- Planned total expenditures, which include both first-year and planned future expenditures for investments initiated in 2022, were \$255.1 billion.

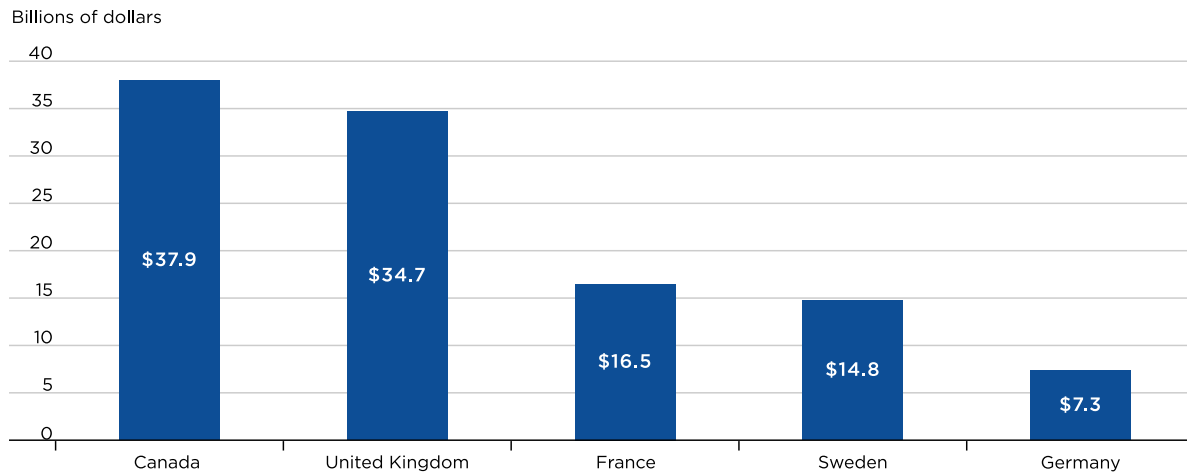
Chart 2. First-Year Expenditures by Region of Ultimate Beneficial Owner, 2019–2022



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 2019–2022.
- By region, Europe had the largest change in new foreign direct investment expenditures between 2021 and 2022, a decrease of \$147.2 billion.
- Europe contributed 57.4 percent of new investment expenditures in 2022.

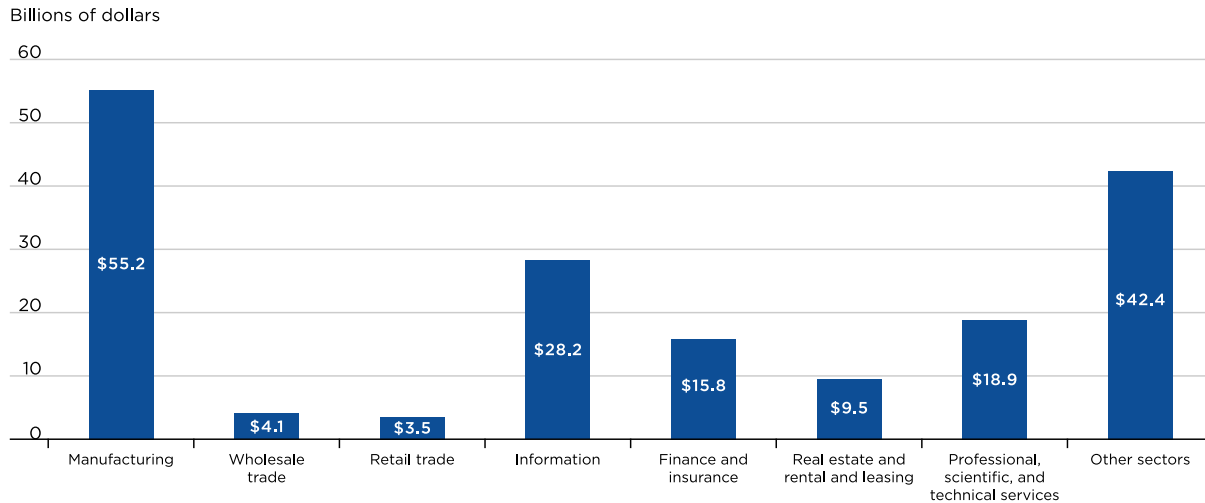
Chart 3. First-Year Expenditures by Country of Ultimate Beneficial Owner, 2022



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- By country of UBO, the largest investing country was Canada, with expenditures of \$37.9 billion in 2022.
- Investments by Canadian investors accounted for 21 percent of new foreign direct investment expenditures.
- The United Kingdom (\$34.7 billion) was the second-largest country, followed by France (\$16.5 billion).
- The top-five investing countries accounted for 62.7 percent of new foreign direct investment expenditures in 2022.

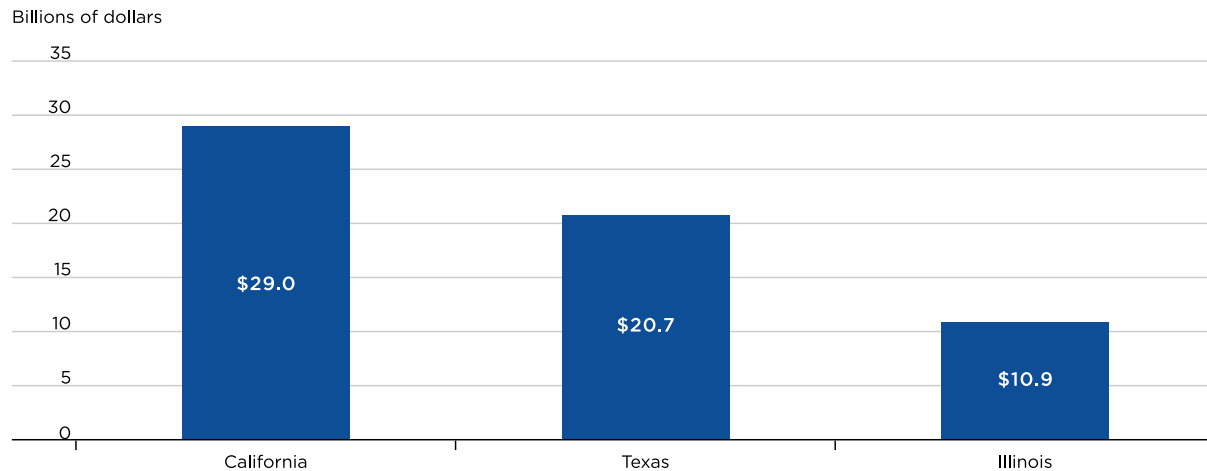
Chart 4. First-Year Expenditures by Industry of Affiliate, 2022



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- Expenditures for new foreign direct investment were largest in the manufacturing sector, at \$55.2 billion, accounting for 31.1 percent of total first-year expenditures in 2022.
- Within manufacturing, expenditures were largest in chemical manufacturing (\$21.5 billion) and machinery (\$9.9 billion).
- There were also notable expenditures in the other industries sector (\$42.4 billion), where administration, support, and waste management (\$11.6 billion) was largest.

Chart 5. First-Year Expenditures by State, 2022

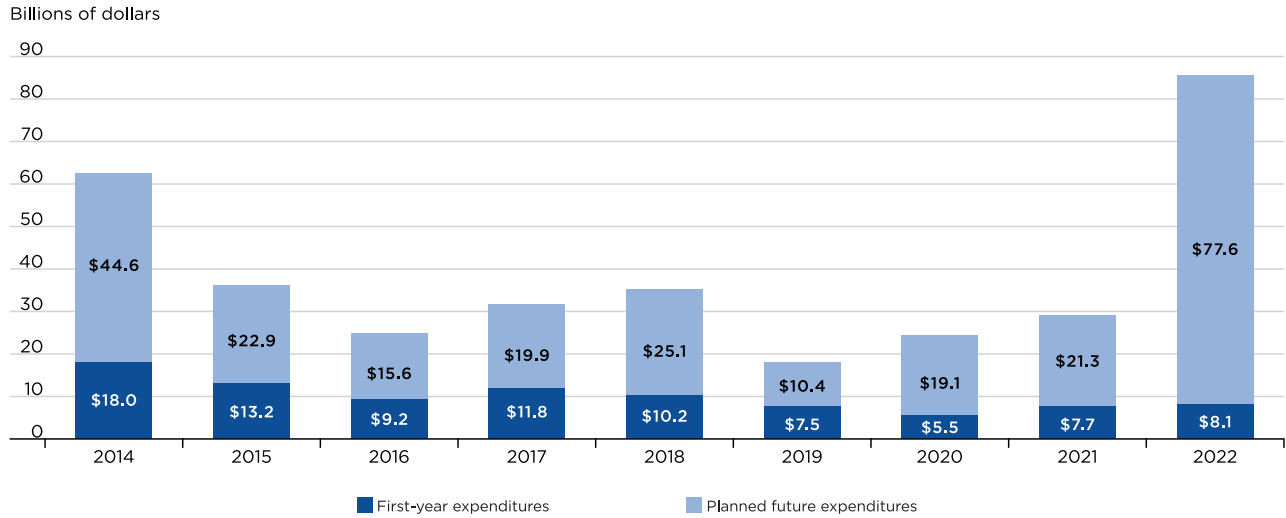


Note. Statistics are shown for the state in which the newly acquired, established, or expanded U.S. business enterprise is located. If the U.S. business enterprise operates in more than one state, it is the state where the largest number of employees are based; if there are no employees, it is the state 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 \$29.0 billion.
- Texas (\$20.7 billion) and Illinois (\$10.9 billion) were the second- and third-largest recipient states, respectively, in 2022.
- Combined, these three states received 34.1 percent of first-year expenditures in 2022.
- In 2022, 49 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 2014–2022

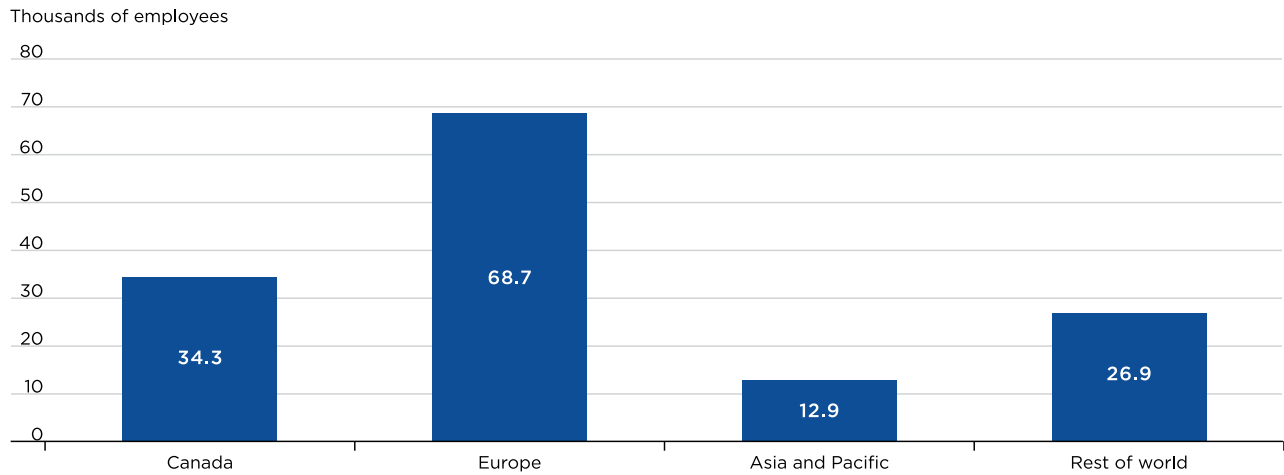


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- Greenfield investment expenditures—expenditures to either establish a new U.S. business or to expand an existing foreign-owned U.S. business—were \$8.1 billion in 2022.
- Total planned expenditures for greenfield investment initiated in 2022, which include both first-year and future expenditures, were \$85.7 billion.
- By industry, total planned expenditures for greenfield investment initiated in 2022 were highest in manufacturing (\$80.4 billion), led by semiconductors and other components manufacturing and electrical equipment, appliances, and components manufacturing, which includes batteries.

Employment

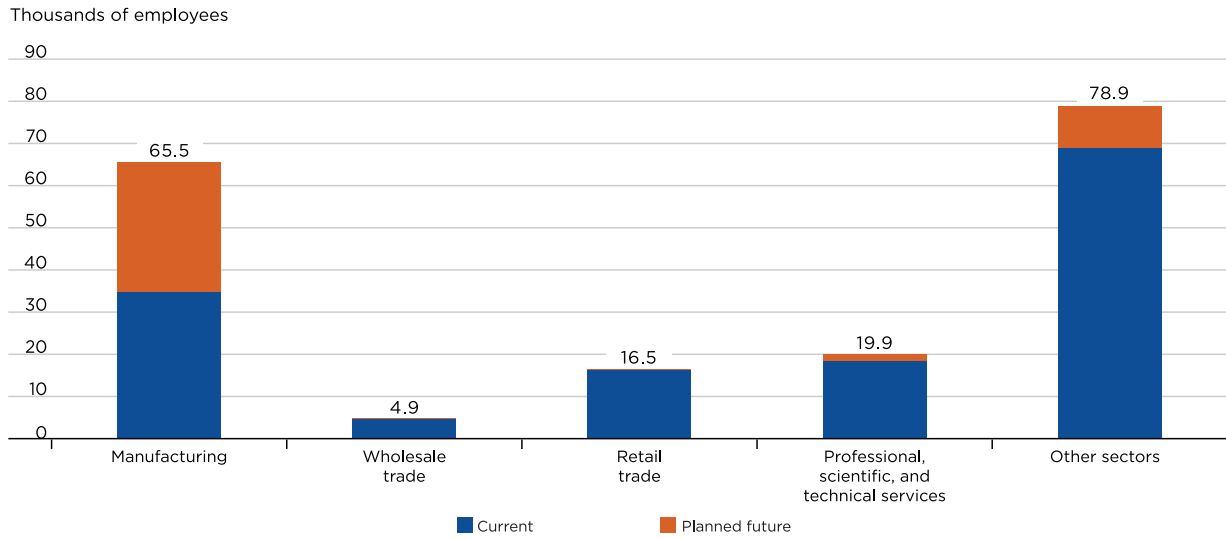
Chart 7. Current Employment by Region of Ultimate Beneficial Owner, 2022



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 2022, employment at newly acquired, established, or expanded foreign-owned businesses in the United States was 142,700 employees.
- Current employment of acquired enterprises was 139,000.
- By region of UBO, Europe accounted for 48.1 percent of current employment in 2022.
- By country of UBO, Canada (34,300), the United Kingdom (22,800), and France (11,000) accounted for the largest number of employees.

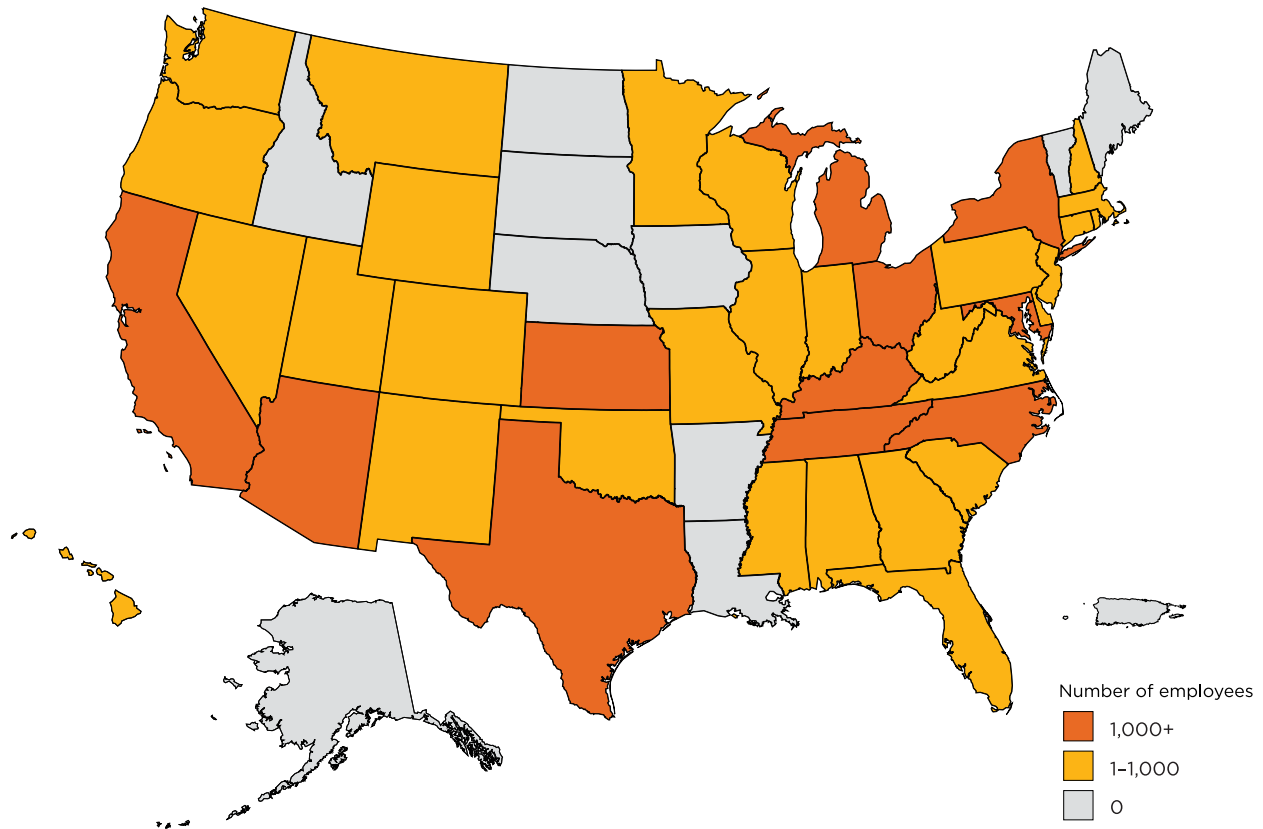
Chart 8. Current and Planned Future Employment by Industry of Affiliate, 2022



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 185,600.
- By industry, manufacturing accounted for the largest number of employees (34,800), followed by professional, scientific, and technical services (18,400).

Chart 9. Planned Total Greenfield Employment by State, for Investments Initiated in 2022



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- Forty states and the District of Columbia had planned employment from greenfield investments initiated in 2022.
- Planned total greenfield employment was largest in New York (between 10,000 and 25,000).¹

Improvements to New Foreign Direct Investment Statistics

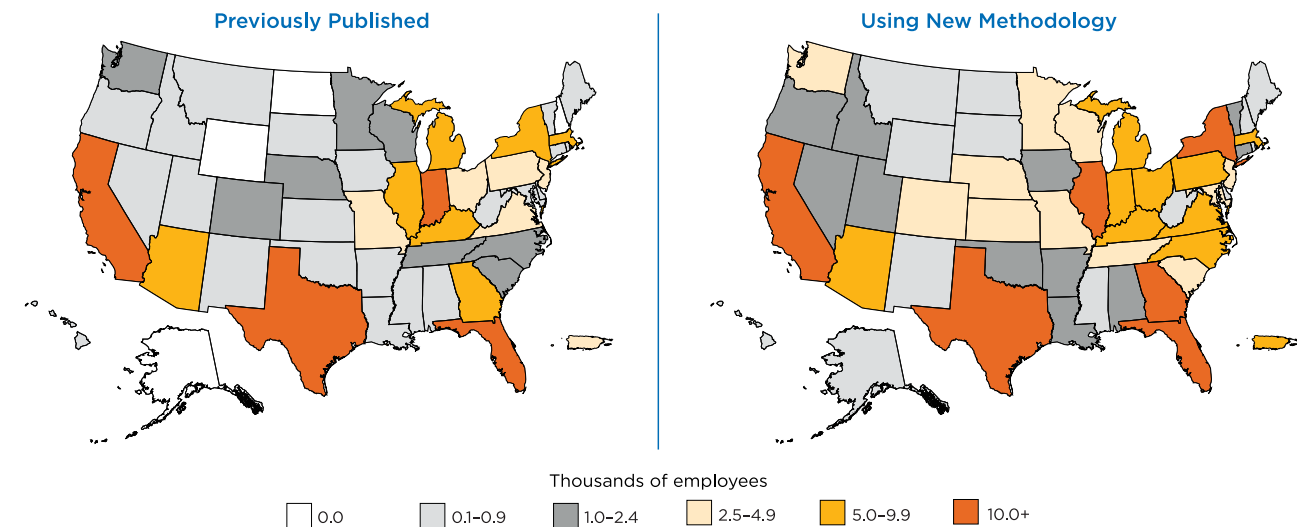
With the July 10, 2023, release of new foreign direct investment statistics, BEA incorporated an improved methodology for estimating employment at the state level by U.S. businesses newly acquired by foreign investors.

For the largest acquisitions (those with 3,000 or more employees), which are more likely to involve operations in multiple states, BEA now uses U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages establishment-level data to assign employees to the states where they work more accurately than is possible using BEA survey data alone.

For more information, see [U.S. International Economics Accounts: Concepts and Methods](#) on BEA's website and "[Upcoming Improvements to BEA's Statistics on New Foreign Direct Investment in the United States](#)" in the *Survey of Current Business*.

Chart 10 presents total current employment by state for 2020.² The left map presents statistics published using the previous methodology. The right map presents revised state employment statistics using the new methodology. After applying the new methodology to 2020 total current employment, nine states that were previously zero or rounded to zero now have a publishable value, and five states are no longer suppressed due to confidentiality restrictions.

Chart 10. Total Current Employment by State, 2020



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 expenditure updates for multiyear establishment or expansion projects. Previously, BEA collected these updates 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 is completed, whichever comes first. This change reduces respondent burden while allowing BEA to continue to produce reliable statistics that can help answer questions about whether greenfield projects are completed and whether there are significant differences between planned and actual costs.

Footnotes

1. Size ranges are provided for employment values that are suppressed to ensure the confidentiality of survey responses.
2. Statistics for 2020 were used because it is the most recent year for which data were not updated (aside from the change in methodology).



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