
Foreign Direct Investment in the United States

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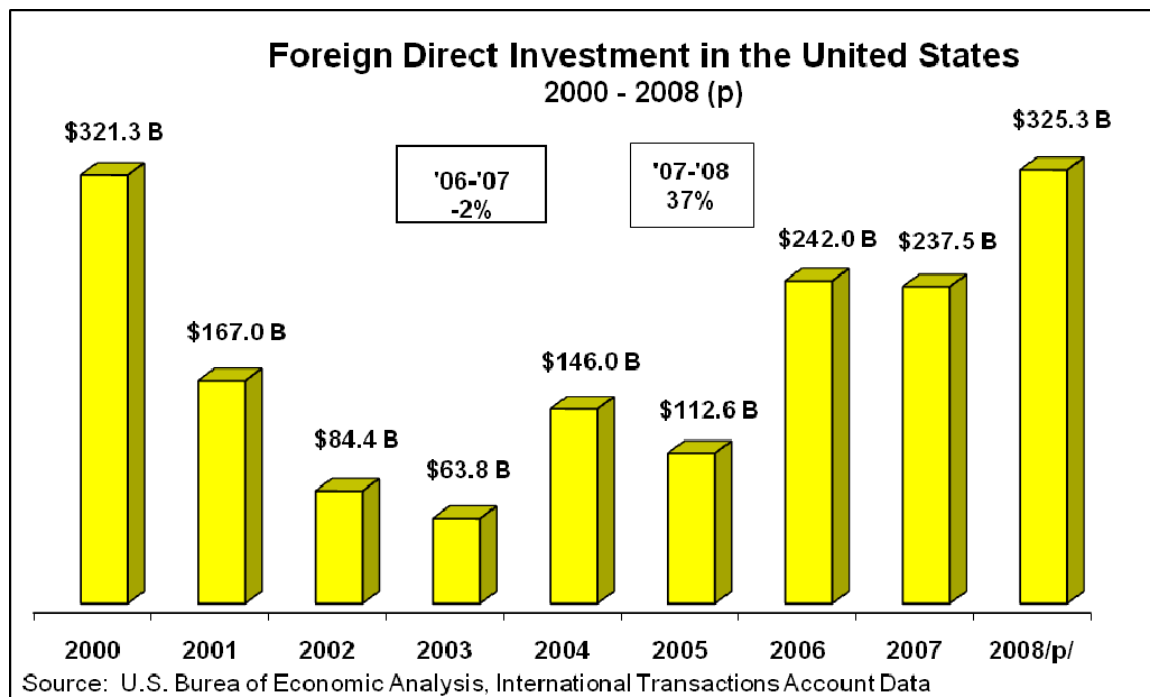
March 18, 2009

FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

Key Findings

Foreign Direct Investment in the United States, 1998-2008¹

- Foreign direct investment in the United States in 2008 totaled \$325.3 billion, up by 37 percent compared to the \$237.5 billion in 2007.
- The \$325.3 billion in foreign direct investment recorded in 2008 is an all-time record high, beating the previous record of \$321.3 billion in 2000.
- The growth rate of 37 percent between 2007 and 2008 stands in stark contrast to the 2 percent decline recorded for the previous year.
- Over ten years, foreign direct investment increased from \$179 billion in 1998 to \$325.3 billion in 2008, up by 82 percent.
- The growth in investment by foreigners last year is extraordinary given the slow U.S. economic growth overall (real gross domestic product (GDP) increased by only 1.1 percent in 2008).



- Net equity capital inflows, consisting of net increases in foreign parents' equity in their U.S. affiliates,² increased from \$147.4 billion in 2007 to \$233.6 billion in 2008, a 58 percent increase.

¹ The U.S. Bureau of Economic Analysis released the most recent foreign direct investment statistics on March 18, 2009. These are preliminary statistics and are subject to revision.

² Equity capital inflows to U.S. affiliates result from foreign parents' establishment of new U.S. affiliates, from their acquisition of additional ownership interests in existing U.S. affiliates, and from their capital contributions to U.S. affiliates.

Foreign Direct Investment in the United States by Select Countries

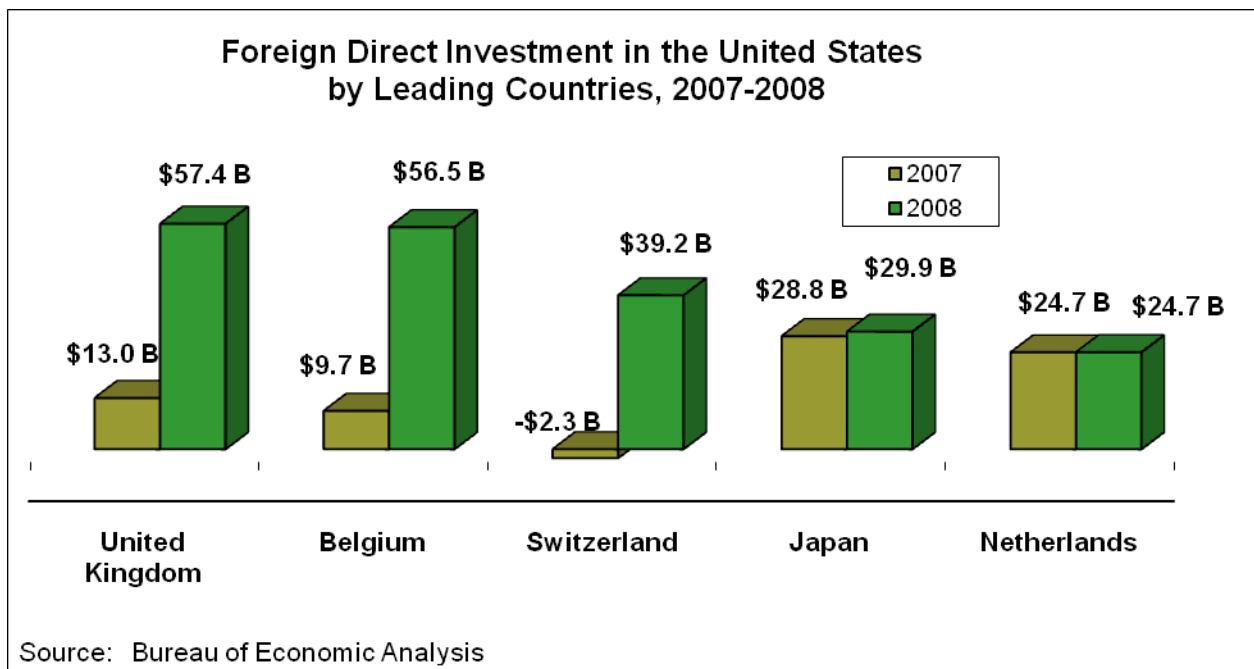


- The United Kingdom was the leading foreign investor in the United States in 2008, investing more than \$57 billion last year, closely followed by Belgium at \$56.5 billion and Switzerland at \$39 billion.
- Other leading countries by foreign direct investment in the United States in 2008 were Japan, the Netherlands, Canada, and Spain.
- These seven countries represented 76 percent of all foreign direct investment in the United States in 2008.

Foreign Direct Investment by Leading Countries 2007 and 2008* (in millions of dollars)				
Rank	Country	2007	2008*	% Change
	World	\$237,254	\$325,254	37%
1	United Kingdom	\$13,034	\$57,420	341%
2	Belgium	\$9,741	\$56,535	480%
3	Switzerland	-\$2,279	\$39,181	n/a
4	Japan	\$28,775	\$29,943	4%
5	Netherlands	\$24,659	\$24,691	0%
6	Canada	\$36,927	\$23,455	-36%
7	Spain	\$15,304	\$12,161	-21%
8	Australia	\$9,274	\$11,700	26%

9	Bermuda	-\$10,077	\$10,739	n/a
10	Finland	-\$1,135	\$9,084	n/a
11	France	\$21,764	\$8,412	-61%
12	Ireland	\$2,645	\$6,295	138%
13	Norway	-\$2,912	\$2,964	n/a
14	Italy	\$5,722	\$2,869	-50%
15	Mexico	\$63	\$2,200	3392%
16	India	\$1,523	\$1,943	28%
17	Germany	-\$5,316	\$1,881	n/a
18	Brazil	\$373	\$1,591	327%
19	Hong Kong	-\$543	\$1,195	n/a
20	Netherlands Antilles	\$2,301	\$1,155	-50%
*2008 data are preliminary				
Source: Bureau of Economic Analysis, U.S. International Transactions Accounts				

- Foreign direct investment from the United Kingdom into the United States more than quadrupled between 2007 and 2008, rising from \$13 billion to \$57 billion.
- Foreign direct investment capital inflows from Belgium into the United States increased by 480 percent between 2007 and 2008, jumping from \$9.7 billion to \$56.5 billion.



- Investment inflows from large emerging markets like India, Brazil, and China totaled \$1.9 billion, \$1.6 billion, and \$362 million, respectively, in 2008.
- Foreign direct investment in the United States from India increased 28 percent last year, growing from \$1.5 billion in 2007 to \$1.9 billion in 2008.
- Foreign investment from Brazil more than quadrupled between 2007 and 2008, rising from \$373 million to \$1.6 billion, based on preliminary 2008 statistics.

Foreign Direct Investment by Region

Europe is the largest direct investor in the United States, representing 70 percent of all foreign direct investment last year. The Asia-Pacific countries comprised 14 percent of total foreign direct investment in 2008. Europe and Asia-Pacific combined accounted for nearly 85 percent of all foreign direct investment in the United States in 2008.

Foreign Direct Investment by Select Region, 2008* (in millions of dollars)		
Region	2008*	Percent of Total Foreign Direct Investment
World	\$325,254	
Europe	\$223,587	70%
Asia and Pacific	\$45,054	14%
Latin America and Other Western Hemisphere	\$27,210	9%
Africa	\$886	0.3%
Middle East	\$757	0.2%
* 2008 data are preliminary Source: Bureau of Economic Analysis, International Transaction Accounts		

Foreign Direct Investment by Industry

Preliminary 2008 data show that most foreign direct investment in the United States was in the nation's manufacturing sector.

- Foreign investment in the U.S. manufacturing industry totaled \$75 billion in 2008, compared to \$108 billion in 2007, a decrease of 31 percent.
- The, finance, wholesale trade, and banking sectors also attracted substantial foreign direct investment in 2008 at \$68.6 billion, \$51.6 billion, and \$23.5 billion, respectively.

- The preliminary 2008 statistics also indicate a substantial drop in foreign direct investment in the information sector.

Foreign Direct Investment in the United States by Industry based on Capital Inflows, 2007-2008* (in millions of dollars)			
Industry	2007	2008*	2007-08 % change
Manufacturing	\$108,113	\$75,033	-31%
Finance (except depository institutions) and insurance	\$5,197	\$68,635	1,221%
Wholesale Trade	\$28,314	\$51,573	82%
Depository institutions (banking)	-\$9,913	\$23,476	n/a
Retail trade	-\$30	\$6,546	n/a
Professional, scientific, and technical services	\$7,650	\$6,484	-15%
Information	\$12,224	\$6,402	-48%
Real estate and rental and leasing	\$11,165	\$3,066	n/a
Other Industries	\$70,118	\$79,733	14%
*2008 data are preliminary			
Source: U.S. Bureau of Economic Analysis			

Within the manufacturing sector, some 19 percent of the \$75 billion in foreign direct investment was in both primary and fabricated metals (\$14.2 billion) and chemicals (\$14.1 billion) in 2008.

Foreign Direct Investment in the United States Manufacturing Industry based on Capital Inflows, 2007-2008* (in millions of dollars)			
	2007	2008*	2007-08 % change
Manufacturing Total	\$108,113	\$75,033	-31%
Primary and Fabricated Metals	\$12,348	\$14,164	15%
Chemicals	\$38,939	\$14,123	-64%
Electrical Equipment, appliances, and components	\$7,045	\$766	-89%
Computers and Electronic Products	\$12,994	\$249	-98%

Transportation Equipment	-\$65	-\$10,271	n/a
Machinery	\$18,658	-\$20,168	n/a

***2008 data are preliminary**

Source: U.S. Bureau of Economic Analysis