

## **US push to increase foreign investment**

By Anna Fifield in Washington  
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Leading American chief executives will on Tuesday present President Barack Obama with ideas for increasing foreign direct investment in the US, part of the administration's drive to attract international capital and create jobs.

The Obama administration is seeking investment from emerging countries, including China and India, to boost job creation in the moribund US economy, where the unemployment rate remains at 9.1 per cent. The Senate is expected to vote as soon as Tuesday on Mr Obama's jobs bill, which he says will create 1m jobs

"We've been focusing a lot on investment but we really haven't had the kind of pro-active campaign that you see in other countries to attract investment," said Robert Hormats, undersecretary of state for economic affairs.

"We're going to place a greater emphasis on that in a world where lots of countries are competing for foreign investment," Mr Hormats, a former vice-chairman of Goldman Sachs, told the Financial Times.

In a report to be delivered to the president on Tuesday, chief executives who attended a meeting at the state department on Friday will make recommendations on how to boost the US's share of inward investment.

These will include changes to tax policy to encourage foreign companies to invest – the US has the second-highest corporate tax rate in the developed world – and encouraging diplomatic staff at 222 American embassies to campaign for investment.

Members of the president's jobs council, led by Jeff Immelt of General Electric, were at the state department meeting, along with chief executives of international companies with American operations such as BASF, Siemens and Rolls Royce.

The US is the world's largest destination for foreign direct investment but its share has been shrinking – from 25 per cent of global investment a decade ago to about 12 per cent now.

“The US has been losing ground in terms of attracting investment of all kinds, especially foreign investment,” says Nancy McLernon, president of the Organization for International Investment.

“Our policymakers have been totally focused on trade in goods and services but globalization is about more than that,” she said.

American subsidiaries of foreign multinationals now employ 5.6m Americans, accounting for 13 per cent of manufacturing jobs and about 18 per cent of exports, according to the state department.

“Part of the way we can ensure the continued growth in job creation here is to make the point in very clear terms that America welcomes foreign investment,” said Mr Hormats.

“We're not just focusing on traditional investors in Europe and Japan, but we're also focusing on a lot of these newer, emerging economies that have a lot of capital and want to diversify their investments,” he said.

Mr Hormats will accompany a delegation of six governors, led by Christine Gregoire of Washington state, on a mission to Beijing later this month, where they will urge their Chinese counterparts to invest in their states. The state department has already embarked on a similar effort in India.

But efforts to increase foreign investment are politically sensitive in the US, especially if they are deemed national security issues. Dubai Ports World's plan to buy six American ports in 2005 was scrapped after a political backlash, as was a hostile takeover bid by China's Cnooc for Unocal the same year.