

## Foreign Direct Investment in the United States

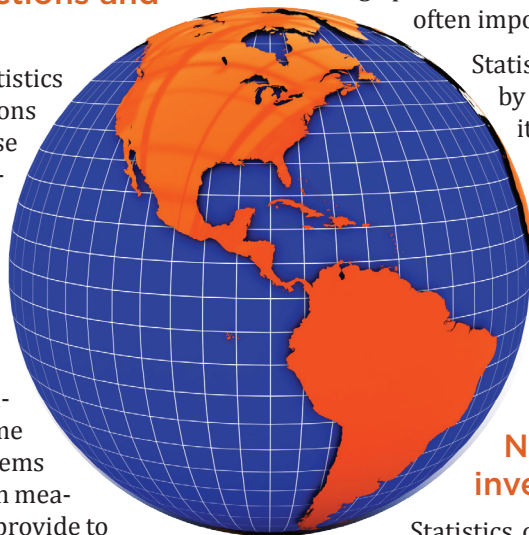
The Bureau of Economic Analysis (BEA) produces comprehensive statistics on foreign direct investment in the United States that are essential to the compilation of the U.S. economic accounts and for the analysis of multinational enterprises (MNEs). The statistics, which are widely recognized to be the world's most comprehensive and accurate of their kind, are obtained from mandatory surveys.

Foreign direct investment in the United States is defined as the ownership by a foreign investor of 10 percent or more of a U.S. business. The direct investor is known as a **foreign parent**, and the foreign-owned U.S. business is known as a **U.S. affiliate**.

BEA publishes three broad sets of statistics on foreign direct investment in the United States: (1) Direct investment transactions and positions statistics, (2) statistics on the activities of U.S. affiliates of foreign MNEs, and (3) new foreign direct investment statistics. These sets of statistics are derived from data collected on surveys of U.S. affiliates conducted by BEA and are available in considerable detail by country and by industry.

### Direct investment transactions and positions statistics

Direct investment transactions statistics cover the U.S. affiliates' transactions with their foreign parents, so these statistics focus on the foreign parents' share, or interest, in their U.S. affiliates rather than on the affiliates' overall size or level of operations. These statistics are essential to the compilation of the U.S. International Transactions Accounts, the International Investment Position (IIP), and the National Income and Product Accounts. The major items include financial transactions, which measure the funds that foreign parents provide to their U.S. affiliates, and income, which measures the return on those funds. All of these items are flows and provide measurement for a particular time frame, such as for a quarter or for a year.



Direct investment position statistics are stocks and are cumulative; they measure the total outstanding level of foreign direct investment in the United States at yearend. Direct investment is recorded in the IIP at market value, and supplemental information is provided both at historical cost and at current cost. For the historical-cost statistics, tables are published by country and by industry.

### Activities of multinational enterprises statistics

Statistics on the activities of U.S. affiliates of foreign MNEs provide a picture of the financial structure and operations of U.S. affiliates using a wide variety of economic indicators. The statistics cover the entire operations of the U.S. affiliate, irrespective of the percentage of foreign ownership. These statistics cover items that are needed in analyzing the characteristics, performance, and economic impact of MNEs, such as sales, value added, employment and compensation of employees, capital expenditures, exports and imports, and research and development expenditures. Separate tabulations are available for affiliates that are majority-owned by their foreign parent because the concept of majority control is often important in the analysis of MNEs.

Statistics on U.S. affiliates are published by country, by industry, and, for some items, by state. More detailed tables by industry and state on affiliate operations at the establishment level are available for selected years as a result of a special project that linked BEA's enterprise data for U.S. affiliates with the establishment data for all U.S. companies from the Census Bureau.

### New foreign direct investment statistics

Statistics on new foreign direct investment in the United States provide information on the acquisition, establishment, and expansion of U.S. business enterprises by foreign direct investors. The statistics include items such as the expenditures by foreign direct

investors to acquire, establish, or expand U.S. business, as well as financial statement items and employment of the newly acquired, established, or expanded U.S. business enterprises, and are published by country, industry, and state.

The statistics are published in a manner that allows greenfield investment to be separately identified. Greenfield investment includes establishments of new companies by foreign investors and expansions of existing companies.

### Uses of the statistics

The statistics on foreign direct investment in the United States and on the activities of U.S. affiliates can be used to measure the scale of foreign-controlled business activity in the United States and its impact on the U.S. economy. For example, the statistics can be used to measure:

- The current dollar value of, and returns on, foreign direct investment in the United States
- The shares of U.S. gross domestic product, employment, exports and imports of goods, and research and development accounted for by U.S. affiliates of foreign companies

Researchers have used the statistics to analyze:

- The effects of tax policies on foreign direct investment in the United States
- Differences between foreign- and domestically-owned firms in terms of domestic content, profitability, and productivity
- Differences between foreign- and domestically-owned establishments in terms of characteristics such

as wage rates, plant size, capital intensity, and productivity

- The extent of foreign direct investment by individual state and industry, expressed both in absolute terms (such as numbers of employees) and as percentages of the values for all U.S. establishments

### For more information

All these statistics are available on BEA's Web site in customizable interactive tables at [www.bea.gov/iTable/index\\_MNC.cfm](http://www.bea.gov/iTable/index_MNC.cfm). They are also available in both Adobe® PDF and MS Excel® formats.

For more information, see the following articles that are published regularly in the SURVEY OF CURRENT BUSINESS, BEA's monthly online journal:

- "Foreign Direct Investment in the United States: Detailed Historical-Cost Positions and Related Financial Transactions and Income Flows" in the September issue of the SURVEY
- "Direct Investment Positions: Country and Industry Detail" in the July issue of the SURVEY
- "Activities of U.S. Affiliates of Foreign Multinational Enterprises" in the August or November issue of the SURVEY

The SURVEY articles referenced above are available on the BEA Web site at [www.bea.gov](http://www.bea.gov).

If you have questions on BEA's foreign direct investment in the United States statistics, e-mail [internationalaccounts@bea.gov](mailto:internationalaccounts@bea.gov).