Visual Essay

New Foreign Direct Investment in the United States in 2019

The Bureau of Economic Analysis (BEA) recently released statistics on 2019 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 entity, proceeding up a U.S. affiliate's ownership chain, that is not owned more than 50 percent by another entity. The UBO ultimately owns or controls, and thus ultimately derives the benefits and assumes the risks from owning or controlling, the U.S. affiliate. The country of the UBO is often the same as that of the foreign parent, but it may be a different country or the United States.
Expenditures by foreign direct investors to acquire, establish, or expand U.S. businesses totaled $194.7 billion (preliminary) in 2019.

Expenditures decreased 37.7 percent from $312.5 billion (revised) in 2018 and were below the annual average of $333.0 billion for 2014–2018.

As in previous years, acquisitions of existing businesses accounted for a large majority of total expenditures.

In 2019, expenditures for acquisitions were $190.7 billion, expenditures to establish new U.S. businesses were $2.5 billion, and expenditures to expand existing foreign-owned businesses were $1.5 billion.

Planned total expenditures, which include both first year and planned future expenditures for investments initiated in 2019, were $203.6 billion.
By region of ultimate beneficial owner (UBO), European investors were the largest source of new foreign direct investment expenditures in 2017–2019.

- By region, Europe had the largest change in new foreign direct investment expenditures between 2018 and 2019, a decrease of $124.5 billion.
- Europe contributed over half of new investment expenditures in 2019.

Greenfield investment expenditures—expenditures to either establish a new U.S. business or to expand an existing foreign-owned U.S. business—were $4.0 billion in 2019.

Planned total expenditures for establishments and expansions initiated in 2019 were $12.9 billion.
Greenfield projects can take multiple years to complete. Over half of total planned expenditures for these projects are incurred in years beyond the one in which the investment was initiated.

For establishments initiated in 2019, planned total expenditures were $7.5 billion of which $5.0 billion will be incurred in future years.

For expansions initiated in 2019, planned total expenditures were $5.4 billion of which $3.9 billion will be incurred in future years.

Chart 4. Planned Total Expenditures by Country of Ultimate Beneficial Owner, 2019

- By country of UBO, the largest investing country was the United Kingdom, with expenditures of $40.4 billion.
- Canada ($35.7 billion) was the second largest investing country, followed by Germany ($21.6 billion) and Japan ($17.8 billion).
- Japan ($1.1 billion) and Canada ($1.0 billion) had the largest greenfield expenditures.

Chart 5. First Year Expenditures by Industry of Affiliate, 2019

- U.S. Bureau of Economic Analysis
Expenditures for new direct investment were largest in manufacturing, at $78.2 billion, accounting for 40.2 percent of total expenditures. Within manufacturing, expenditures were largest in chemical manufacturing ($41.8 billion), primarily in pharmaceuticals and medicines. There were also notable expenditures in transportation and warehousing ($21.3 billion) and in publishing industries ($14.5 billion), rounding out the top three.

**Chart 6. First Year Expenditures by State, 2019**

- California: $22.7 billion (11.7%)
- Pennsylvania: $21.1 billion (10.8%)
- Texas: $20.9 billion (10.7%)

**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.

By U.S. state, California received the largest investment, with expenditures of $22.7 billion. Pennsylvania ($21.1 billion) and Texas ($20.9 billion) were the second and third largest destination states, respectively. Combined, these three states were the destination for 33.3 percent of expenditures in 2019. In 2019, 49 states, Puerto Rico, and the District of Columbia received new foreign direct investment.
In 2019, employment at newly acquired, established, or expanded foreign-owned businesses in the United States was 210,600 employees.

Current employment of acquired enterprises was 208,100.

By industry, construction accounted for the largest number of employees (18,800), followed by food manufacturing (17,600).

Total planned employment, which includes the current employment of acquired enterprises, the planned employment of newly established business enterprises when fully operational, and the planned employment associated with expansions, was 223,400.

Manufacturing was also the largest source of planned total greenfield employment (10,400).
The top five industries for planned total employment from greenfield investments were in the manufacturing sector.

When complete, manufacturing greenfield investments initiated in 2019 plan to employ 10,400.

Transportation equipment manufacturing greenfield investments have the highest planned total employment (3,300), followed by chemical manufacturing (1,400) and food manufacturing (1,300).

By country of UBO, the United Kingdom Islands in the Caribbean, which include the British Virgin Islands and Cayman Islands, accounted for the largest number of current employees (35,400), followed by the United Kingdom (29,100) and Canada (28,700).
Greenfield investments by Japanese companies in 2019 had the highest planned employment (4,100) upon completion.

The United Kingdom and Canada tied for second, with 2,400 planned total greenfield employment.

European greenfield investments plan to employ 6,400 when complete—the largest region in 2019.
Minnesota had the largest employment (39,800).

Four states (Minnesota, Texas, California, and New York) had employment over 10,000.

Chart 12. Greenfield Employment by State, 2019
Texas had the highest planned total employment for greenfield investments initiated by foreign investors in 2019. When complete, these establishments and expansions plan to employ 1,700.

Alabama (1,200) and Ohio (1,100) had the second- and third-highest planned employment for greenfield investments initiated in 2019.

Forty-six states and the District of Columbia had planned employment from greenfield investments initiated in 2019.

Other BEA statistics on Foreign Direct Investment in the United States

BEA publishes three sets of statistics on foreign direct investment in the United States: (1) new foreign direct investment statistics, (2) foreign direct investment transactions and foreign direct investment position statistics, and (3) activities of multinational enterprises statistics. More information about the relationship between these three sets of statistics can be found on BEA’s website.