

Visual Essay

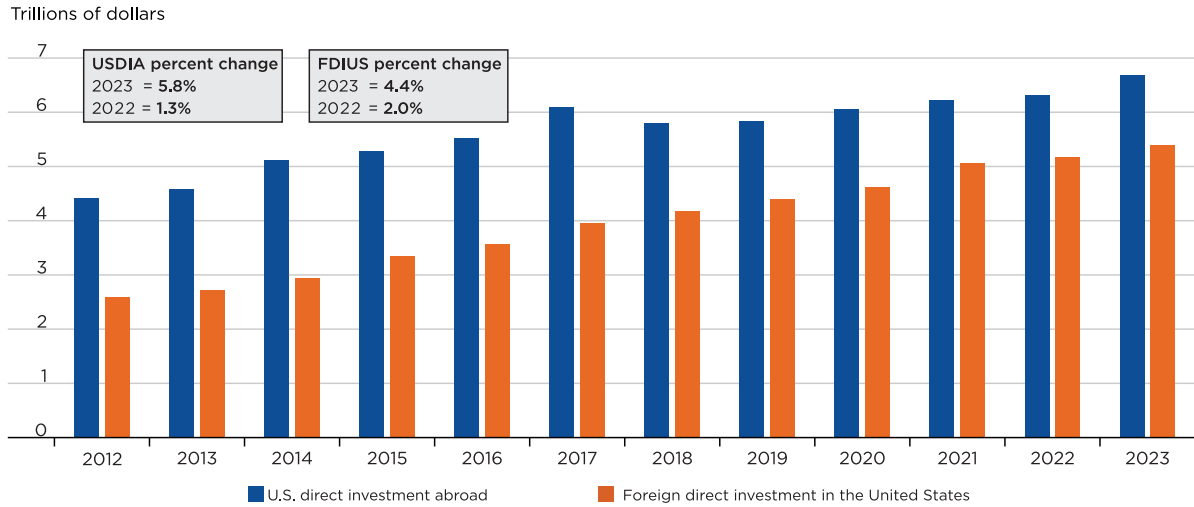
Direct Investment by Country and Industry for 2023

August 22, 2024

The U.S. Bureau of Economic Analysis (BEA) recently released statistics on direct investment by country and industry for 2023. These statistics cover both U.S. direct investment abroad (USDIA, or outward investment) and foreign direct investment in the United States (FDIUS, or inward investment). The statistics cover positions (or cumulative stock of investment), financial transactions, and income, as well as their components, and are obtained from mandatory surveys of direct investment conducted by BEA.

The following charts present highlights of BEA's direct investment by country and industry statistics for 2023. More detail, including additional data items, can be found on the [BEA website](#).

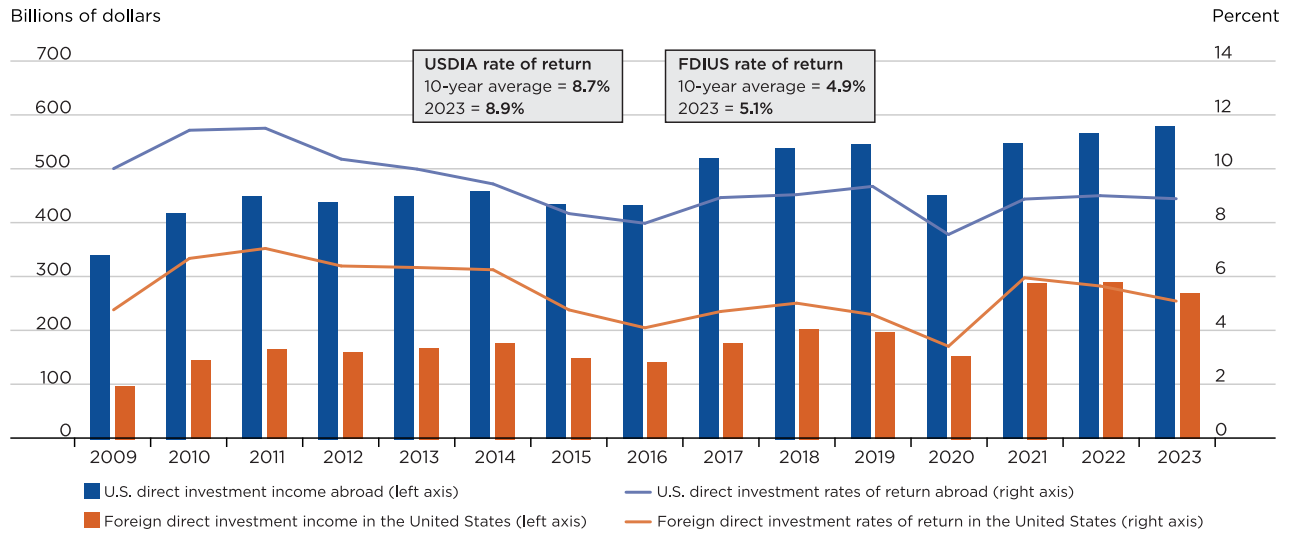
Chart 1. Direct Investment Positions, 2012–2023



FDIUS Foreign direct investment in the United States
 USDIA U.S. direct investment abroad
 U.S. Bureau of Economic Analysis

- The U.S. direct investment abroad position (shown in the blue bars) increased \$364.0 billion, or 5.8 percent, to \$6.68 trillion at the end of 2023 from \$6.31 trillion at the end of 2022.
- The inward direct investment position (shown in the orange bars) increased \$227.0 billion, or 4.4 percent, to \$5.39 trillion at the end of 2023 from \$5.17 trillion at the end of 2022.

Chart 2. Direct Investment Income and Rates of Return

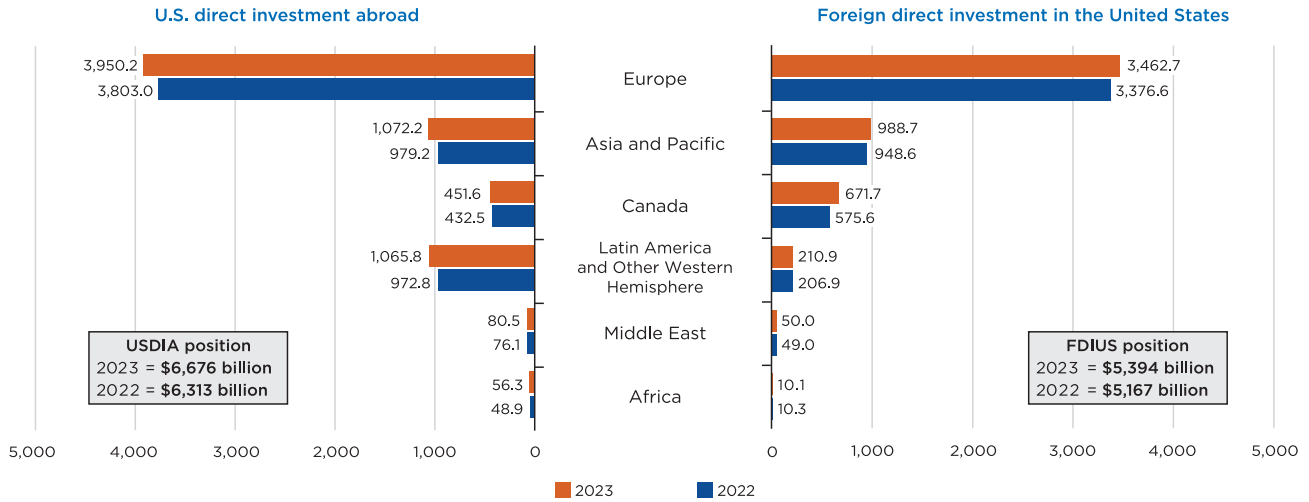


FDIUS Foreign direct investment in the United States
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- In 2023, U.S. multinationals earned \$577.2 billion on their investments abroad (shown in the blue bars), up from \$564.5 billion in 2022.
- Foreign multinationals earned \$268.6 billion on their U.S. investments in 2023 (shown in the orange bars), down from \$288.9 billion in 2022.
- The rate of return for outward investment was 8.9 percent in 2023 (shown on the scale on the right), while the inward rate of return was 4.9 percent.

Chart 3. Direct Investment Position by Region, 2022–2023

(Billions of dollars)

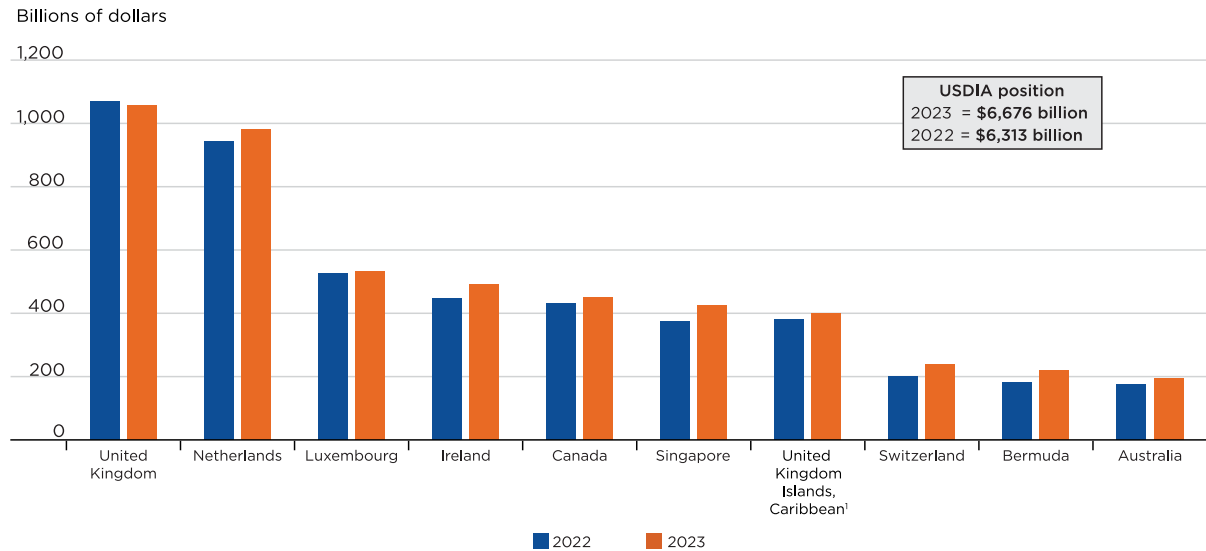


FDIUS Foreign direct investment in the United States
 USDIA U.S. direct investment abroad
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- The value of U.S. direct investment abroad (shown on the left) increased in every region in 2023. The value of foreign direct investment in the United States (shown on the right) increased from every region except Africa.
- Europe was the largest source and destination of U.S. direct investment, accounting for 59 percent of U.S. direct investment position abroad and 64 percent of foreign direct investment position in the United States.
- By region, the largest increase for U.S. direct investment abroad was Europe. The largest increase for foreign direct investment into the United States was Canada.

U.S. Direct Investment Abroad

Chart 4. Top 10 Host Countries for USDIA Position, 2022–2023



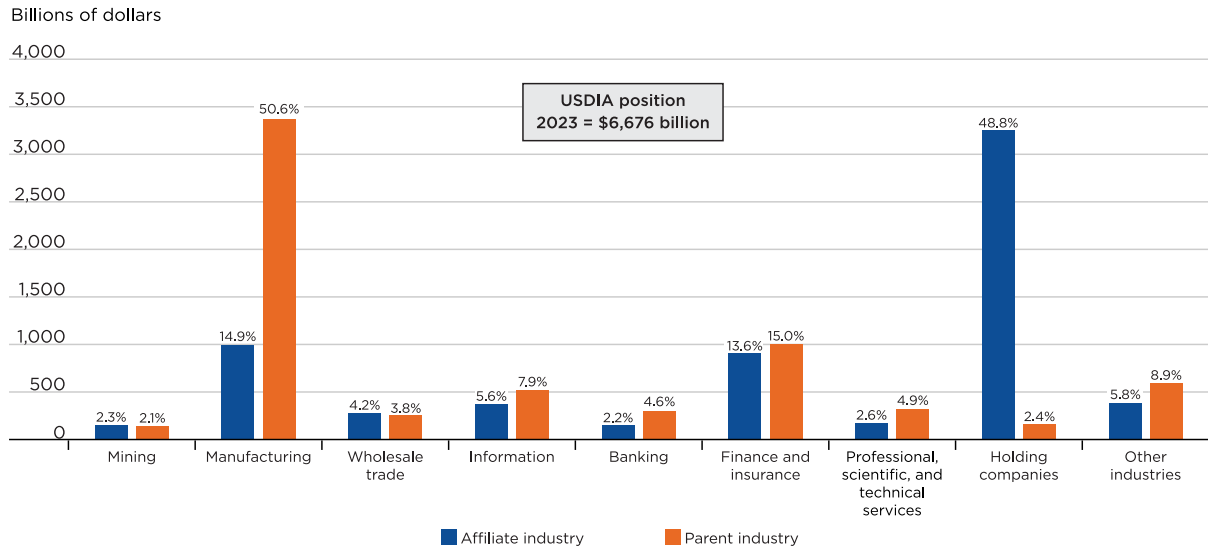
USDIA U.S. direct investment abroad

1. The "United Kingdom Islands, Caribbean" consists of the British Virgin Islands, the Cayman Islands, Montserrat, and the Turks and Caicos Islands.

U.S. Bureau of Economic Analysis

- The top 10 host countries accounted for 74.7 percent of the total U.S. direct investment abroad position in 2023.
- The U.S. direct investment position abroad was the largest in the United Kingdom (\$1.06 trillion), followed by the Netherlands (\$980.4 billion) and Luxembourg (\$532.5 billion).

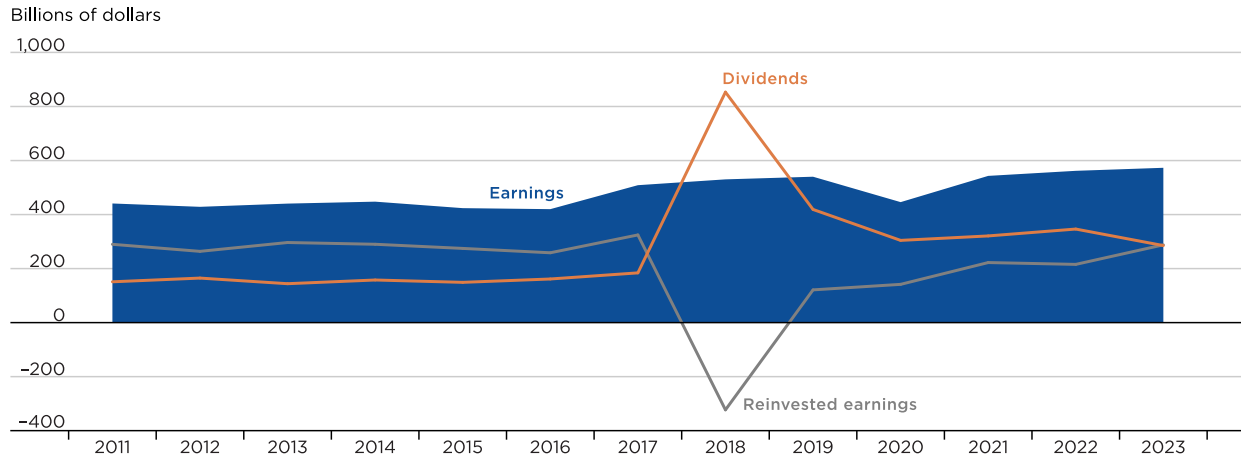
Chart 5. USDIA Position by Industry of Affiliate and by Industry of Parent, 2023



USDIA U.S. direct investment abroad
U.S. Bureau of Economic Analysis

- U.S. parent companies invest in a variety of industries, but nearly half of the overall U.S. direct investment position abroad is in holding companies. These companies own other foreign affiliates that operate in a variety of industries.
- By industry of the U.S. parent, investment by manufacturing multinationals accounted for 50.6 percent of the position, followed by multinationals in finance and insurance (15.0 percent).

Chart 6. USDIA Earnings, 2011-2023

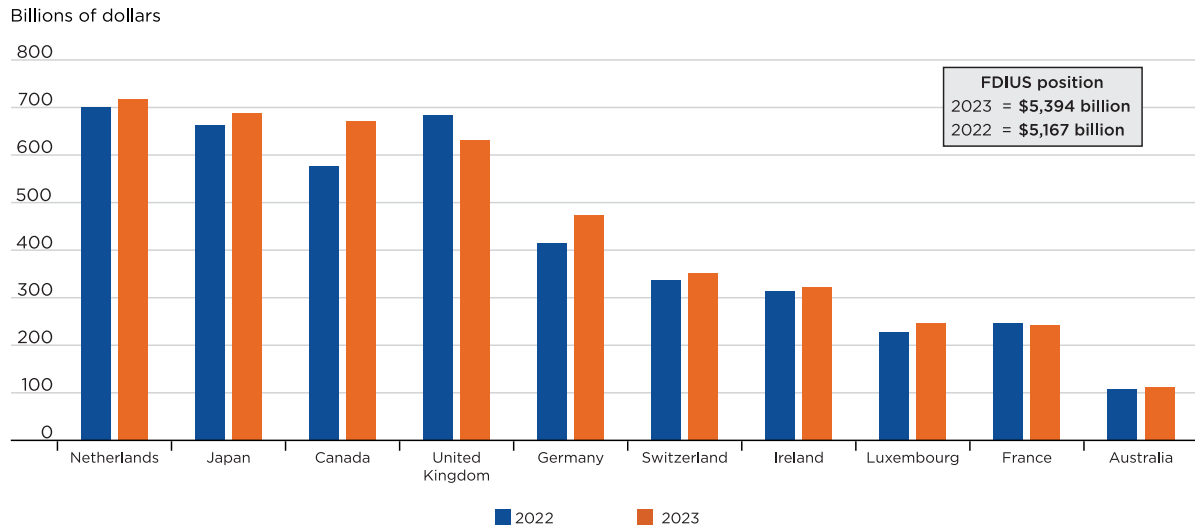


USDIA U.S. direct investment abroad
U.S. Bureau of Economic Analysis

- In 2018, U.S. multinationals repatriated a record \$853.4 billion from their foreign affiliates as a result of the Tax Cuts and Jobs Act of 2017, which generally eliminated taxes on dividends, or repatriated earnings, to U.S. multinationals from their foreign affiliates.
- In 2023, U.S. multinationals repatriated \$285.3 billion from their affiliates abroad, down from \$346.4 billion in 2022, but still higher than the average prior to 2018.

Foreign Direct Investment in the United States

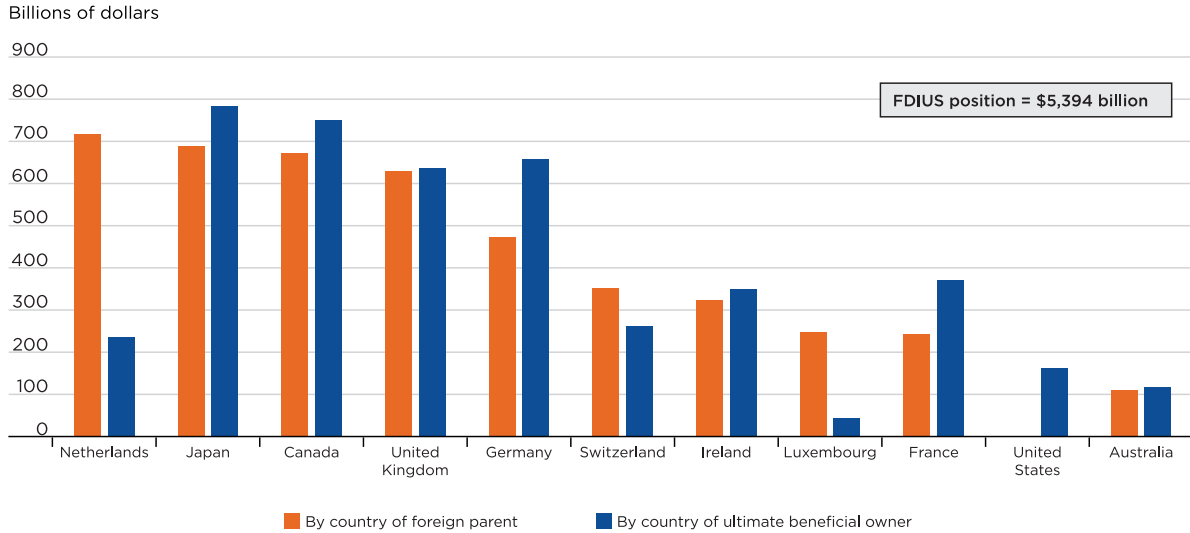
Chart 7. Top 10 Investing Countries for FDIUS, 2022–2023



FDIUS Foreign direct investment in the United States
 U.S. Bureau of Economic Analysis

- The top 10 investing countries accounted for 82.6 percent of the foreign direct investment position in the United States. The top five investing countries accounted for more than half of the total position.
- The Netherlands was the top investing country in 2023, with a position of \$717.5 billion.
- Canada had the largest increase, increasing \$96.0 billion to \$671.7 billion.

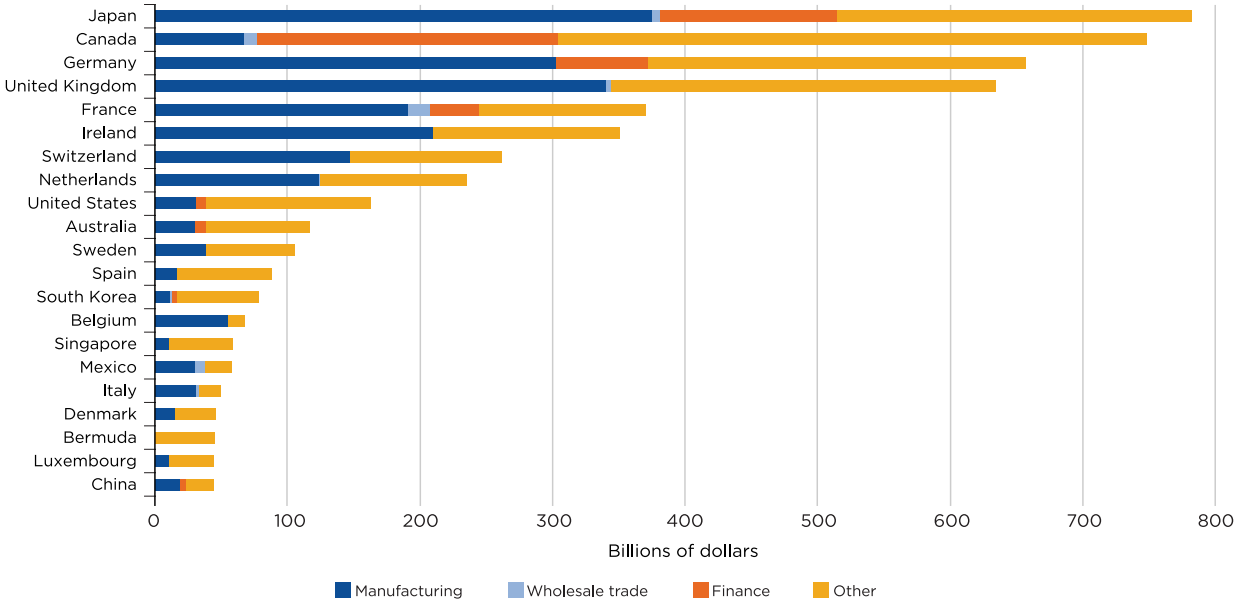
Chart 8. FDIUS Position by Country of Foreign Parent and of the Ultimate Beneficial Owner, 2023



FDIUS Foreign direct investment in the United States
U.S. Bureau of Economic Analysis

- Multinational enterprises can have complex ownership structures. To provide a more complete picture of these structures, BEA produces two sets of statistics on the ownership of foreign direct investment in the United States. The first, by country of foreign parent, focuses on the country of the immediate investor. The second, by country of the ultimate beneficial owner (UBO), shows where the ultimate owner of the U.S. affiliate is located.
- Multinationals from the United Kingdom tend to own their U.S. affiliates directly, and the position by country of foreign parent, \$630.6 billion, and by country of UBO, \$635.6 billion, are relatively close in value.
- When the blue bar is significantly higher than the orange bar, such as Germany, multinationals from these countries are passing their investments through other entities in the ownership chain before entering the United States. The German position by country of foreign parent, \$472.9 billion, is much lower than by country of UBO, \$657.8 billion.
- When the orange bar is significantly higher than the blue bar, such as Luxembourg and the Netherlands, companies in these countries often act as pass-through entities for multinationals based in other countries. The Dutch position by country of foreign parent, \$717.7 billion, is much greater than the position by country of UBO, \$235.5 billion.
- The United States appears as a country of UBO when foreign direct investment ownership chains are ultimately owned by an entity in the United States. This generally occurs as a result of mergers and acquisition activity. In 2023, the United States position by country of UBO was \$162.7 billion.

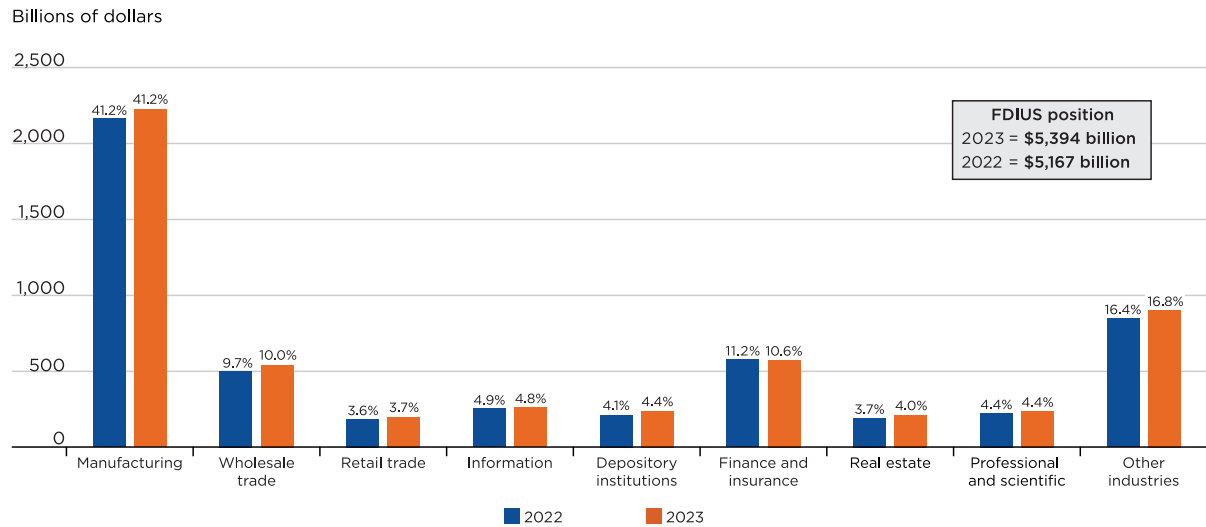
Chart 9. Foreign Direct Investment Position in the United States by Country of Ultimate Beneficial Owner and Industry of U.S. Affiliate, 2023



U.S. Bureau of Economic Analysis

- By country of UBO, the top 10 countries accounted for 80.2 percent of the foreign direct investment position in the United States. Japan had the largest position, with \$783.3 billion in 2023, followed by Canada (\$749.6 billion), and Germany (\$657.8 billion).
- Japanese and German multinationals often invest in the U.S. manufacturing sector, with manufacturing affiliates accounting for 48.0 percent and 46.0 percent of their investments, respectively, while Canadian multinationals have a larger proportion of their investment in finance-related industries, comprising 30.2 percent of their overall position.

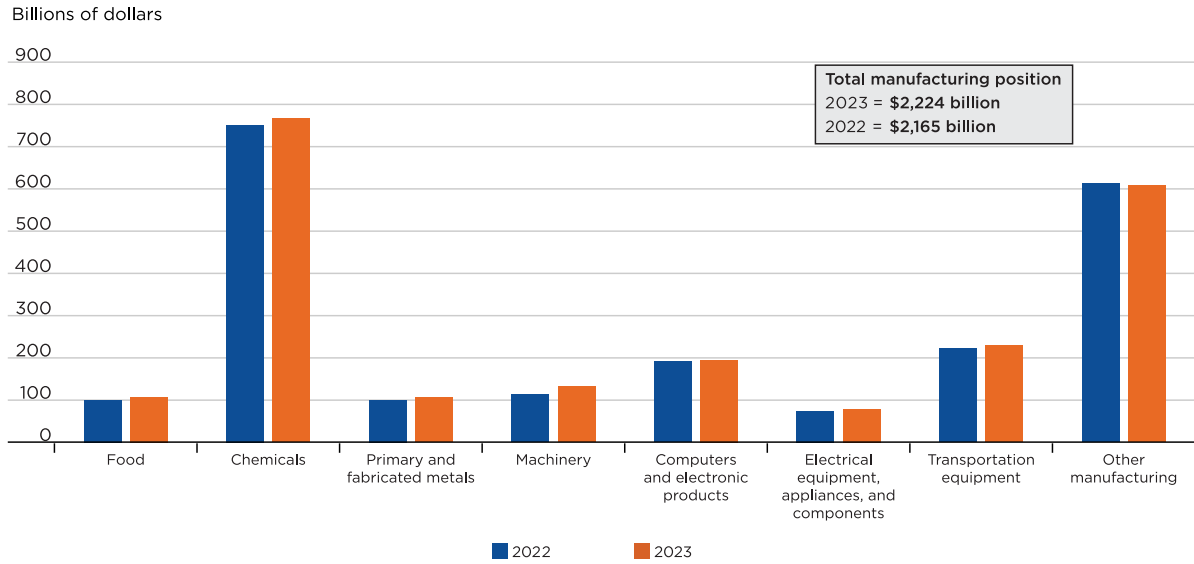
Chart 10. FDIUS Position by Industry, 2022–2023



FDIUS Foreign direct investment in the United States
U.S. Bureau of Economic Analysis

- In 2023, manufacturing accounted for the largest proportion of the foreign direct investment in the United States, with 41.2 percent, or \$2.2 trillion.
- Finance and insurance was second, with 10.6 percent, or \$573.8 billion, and wholesale trade was third, with 10.0 percent, or \$541.2 billion.

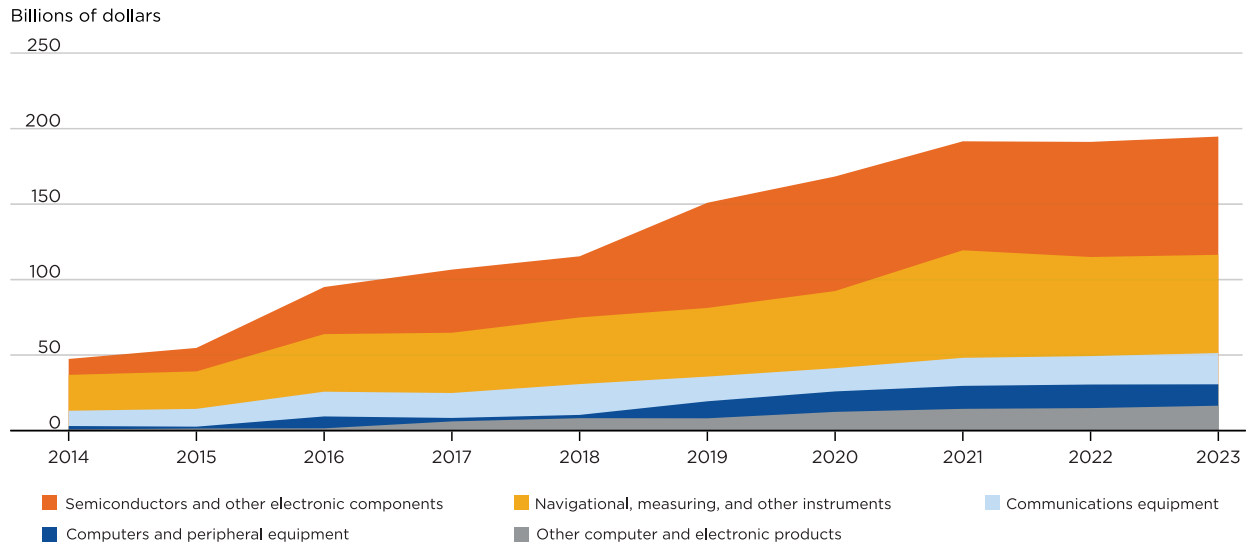
Chart 11. Foreign Direct Investment Position in the United States Manufacturing Industry, 2022–2023



U.S. Bureau of Economic Analysis

- Within manufacturing, the largest share of foreign direct investment was in chemicals, accounting for 34.5 percent of the total investment in the sector.
- Pharmaceutical manufacturing comprises about three-quarters of the foreign direct investment position in chemical manufacturing.

Chart 12. Computers and Electronic Products Subindustries, 2014–2023



U.S. Bureau of Economic Analysis

- Investment in computers and electronic products manufacturing has grown from \$47.5 billion in 2014 to \$194.7 billion in 2023.
- Computers and electronic products manufacturing has five subindustries: semiconductors and other electronic components; navigational, measuring, and other instruments; computers and peripheral equipment; communications equipment; and other computer and electronic products.
- Semiconductors and other electronic components is the largest contributor to the sector, increasing from 22.2 percent in 2014 to 40.2 percent in 2023.

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 **U.S. multinational enterprise (U.S. MNE)** is composed of the U.S. parent and its foreign affiliates.
- A **foreign multinational** is composed of the foreign parent and its U.S. affiliates.
- A **foreign affiliate** is a foreign business enterprise that is at least 10 percent owned by a single U.S. person or entity.
- A **U.S. parent** is a U.S. person or entity that owns 10 percent or more of a foreign business enterprise.
- A **U.S. affiliate** is a U.S. business enterprise that is at least 10 percent owned by a single foreign person or entity.
- A **foreign parent** is the first person or entity outside the United States in a U.S. affiliate's ownership chain that has a direct investment interest in the affiliate.
- The **ultimate beneficial owner (UBO)** is the person or entity, proceeding up a U.S. affiliate's chain of majority ownership (where the entity above owns more than 50 percent of the entity below), beginning with the foreign parent, 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, an 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.
- The **direct investment position** is the value of direct investors' equity in, and net outstanding loans to, their affiliates. Changes in the position result from financial transactions and other changes including capital gains and losses, currency-translation adjustments, and other changes in volume and valuation, such as adjustments to book value from affiliates' current sale or purchase price.
- **Income** includes income on equity—whether profits or losses and whether distributed or reinvested—and net interest on debt.

Statistical Conventions

- BEA's direct investment statistics are primarily based on data reported in the Quarterly Survey of U.S. Direct Investment Abroad (BE-577) and the Quarterly Survey of Foreign Direct Investment in the United States (BE-605). Both surveys are conducted by BEA.
- The countries identified in this release reflect the location of the immediate counterpart, unless otherwise noted. The countries identified for the U.S. direct investment abroad position may not reflect the ultimate destination of the funds. Likewise, the countries identified for the foreign direct investment position in the United States may not reflect the ultimate source of the funds, which is often the UBO.
- The direct investment positions in this release are valued at historical cost. Positions reflect the book value of direct investors' equity in, and net outstanding loans to, their affiliates. This valuation is derived principally from the accounting records of affiliates, which are primarily compiled under U.S. Generally Accepted Accounting Principles or International Financial Reporting Standards. This differs from the market value measure featured in the U.S. net International Investment Position (IIP) Accounts.
- This article presents statistics on a directional basis rather than on the asset/liability basis featured in the U.S. International Transactions Accounts and the U.S. net IIP Accounts. On a directional basis, direct investment claims and liabilities are classified according to whether the direct investor is a U.S. resident or a foreign resident. U.S. direct investment abroad occurs between a U.S. parent and its foreign affiliates. Foreign direct investment in the United States occurs between a foreign parent and its U.S. affiliates. On an asset/liability basis, direct investment statistics are organized according to whether the investment relates to an asset or liability for U.S. parents or for U.S. affiliates of foreign parents.



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