

*Visual Essay*

New Foreign Direct Investment in the United States in 2023

August 28, 2024

The U.S. Bureau of Economic Analysis (BEA) recently released statistics on [2023 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.

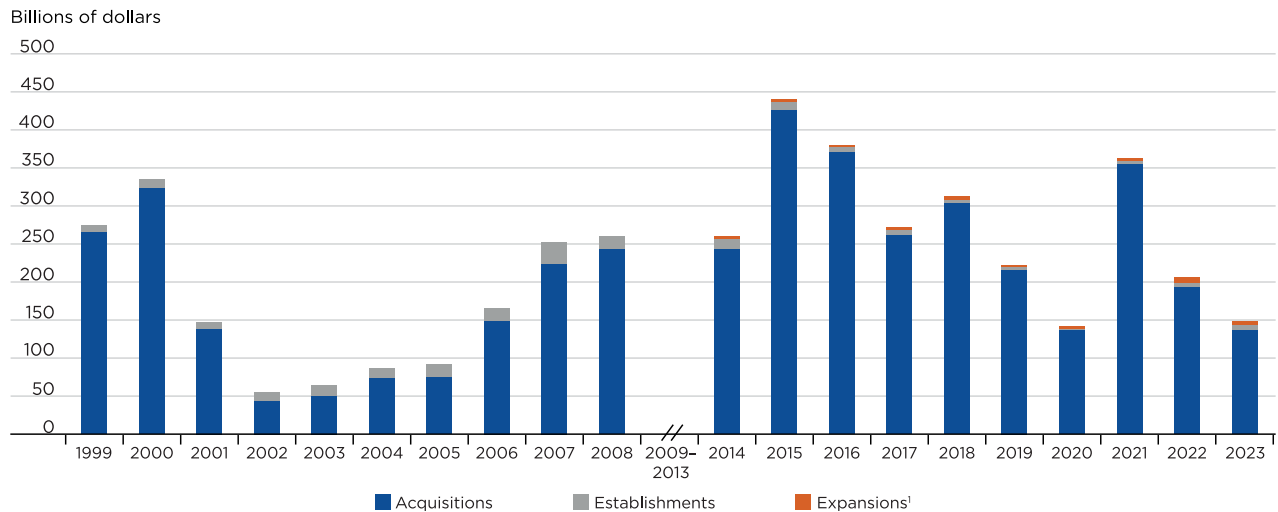
An **expansion** occurs when an existing U.S. affiliate of a foreign parent expands its operations to include a new facility where business is conducted.

Greenfield investment includes establishments and expansions.

The **ultimate beneficial owner (UBO)** is that person, proceeding up a chain of majority-ownership (where the entity above owns more than 50 percent of the entity below), beginning with and including the foreign parent, that is not owned more than 50 percent by another person. Unlike the foreign parent, the UBO of an affiliate may be located in the United States.

Expenditures

Chart 1. New Foreign Direct Investment in the United States, 1999–2023



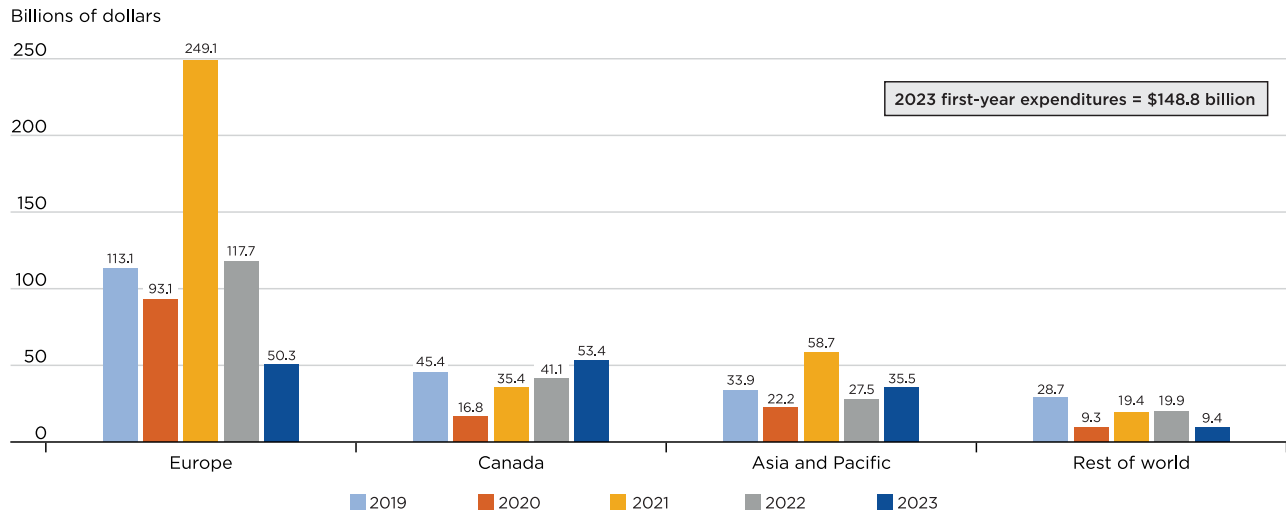
1. Expansions are included in 2014 to present.

Note. The survey used to produce these statistics was not conducted between 2009 and 2013.

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- Expenditures by foreign direct investors to acquire, establish, or expand U.S. businesses totaled \$148.8 billion (preliminary) in 2023.
- Expenditures decreased \$57.4 billion, or 28 percent, from \$206.2 billion (revised) in 2022 and were below the annual average of \$265.6 billion for 2014–2022.
- As in previous years, acquisitions of existing businesses accounted for a large majority of total expenditures.
- In 2023, expenditures for acquisitions were \$136.5 billion, expenditures to establish new U.S. businesses were \$7.4 billion, and expenditures to expand existing foreign-owned businesses were \$5.0 billion.
- Planned total expenditures, which include both first-year and planned future expenditures for investments initiated in 2023, were \$175.9 billion.

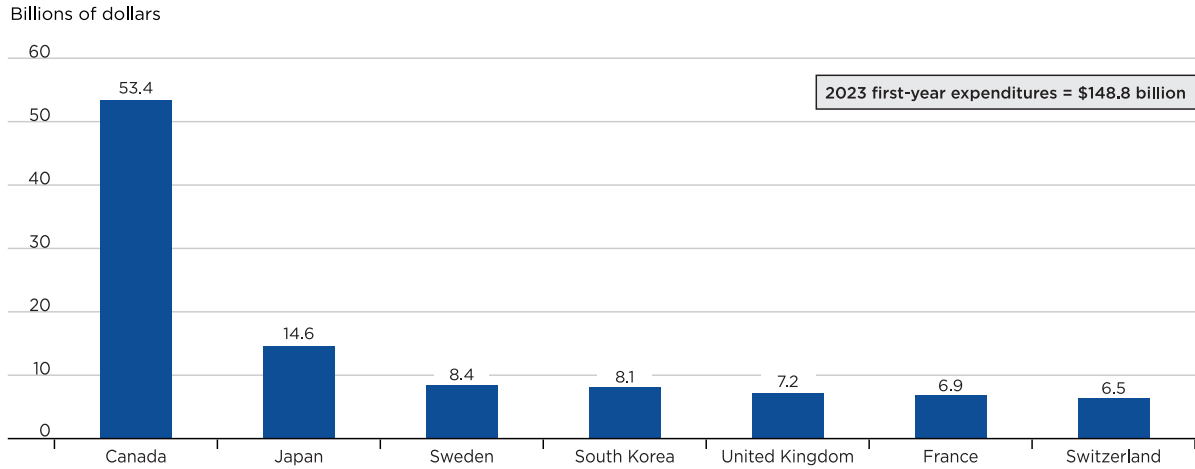
Chart 2. First-Year Expenditures by Region of Ultimate Beneficial Owner, 2019–2023



Note. First-year expenditures include expenditures for the year in which the transaction occurred.
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- Canada was the largest source of new foreign direct investment expenditures in 2023.
- Europe was the second largest source of new foreign direct investment in 2023, after being the top source from 2019 to 2022. Expenditures from European investors decreased \$67.3 billion from \$117.7 billion in 2022 to \$50.3 billion in 2023, the largest change in first year expenditures for any region.
- Canada contributed 35.9 percent of new investment expenditures in 2023.

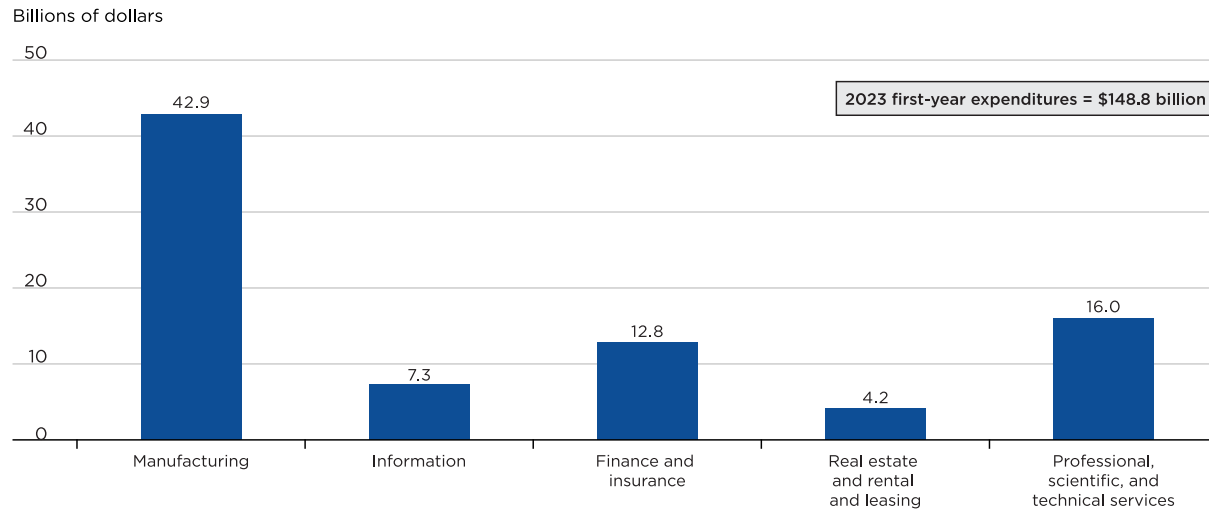
Chart 3. First-Year Expenditures by Country of Ultimate Beneficial Owner, 2023



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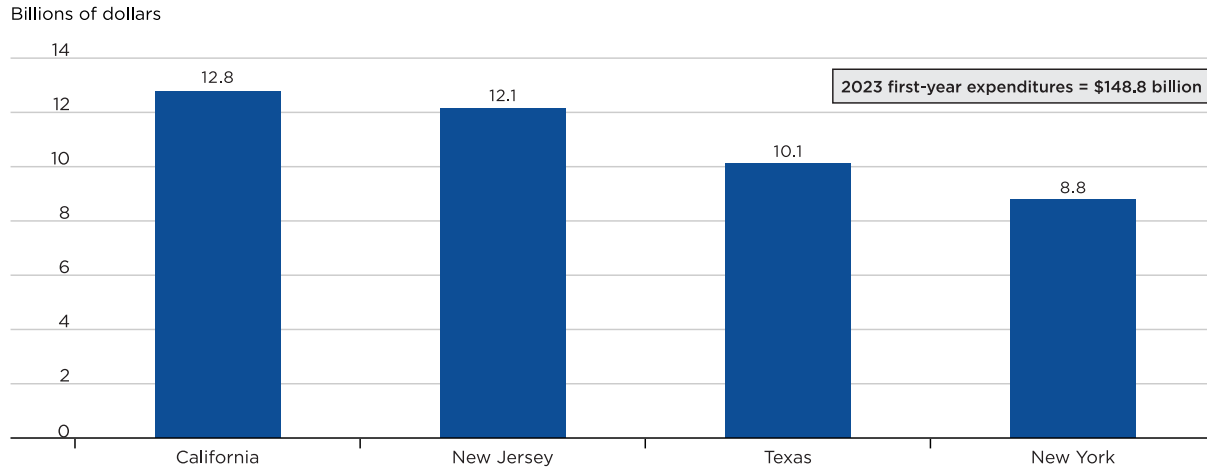
- By country of UBO, the largest investing country was Canada, with expenditures of \$53.4 billion in 2023.
- Japan (\$14.6 billion) was the second-largest country, followed by Sweden (\$8.4 billion).
- The top five investing countries accounted for 61.6 percent of new foreign direct investment expenditures in 2023.

Chart 4. First-Year Expenditures by Industry of Affiliate, 2023



- Expenditures for new direct investment were largest in the manufacturing sector, at \$42.9 billion, accounting for 28.8 percent of total expenditures in 2023.
- Within manufacturing, expenditures were largest in chemical manufacturing (\$17.8 billion) and electrical equipment, appliances, and components (\$6.6 billion).
- There were also notable expenditures in professional, scientific, and technical services (\$16.0 billion).

Chart 5. First-Year Expenditures by State, 2023

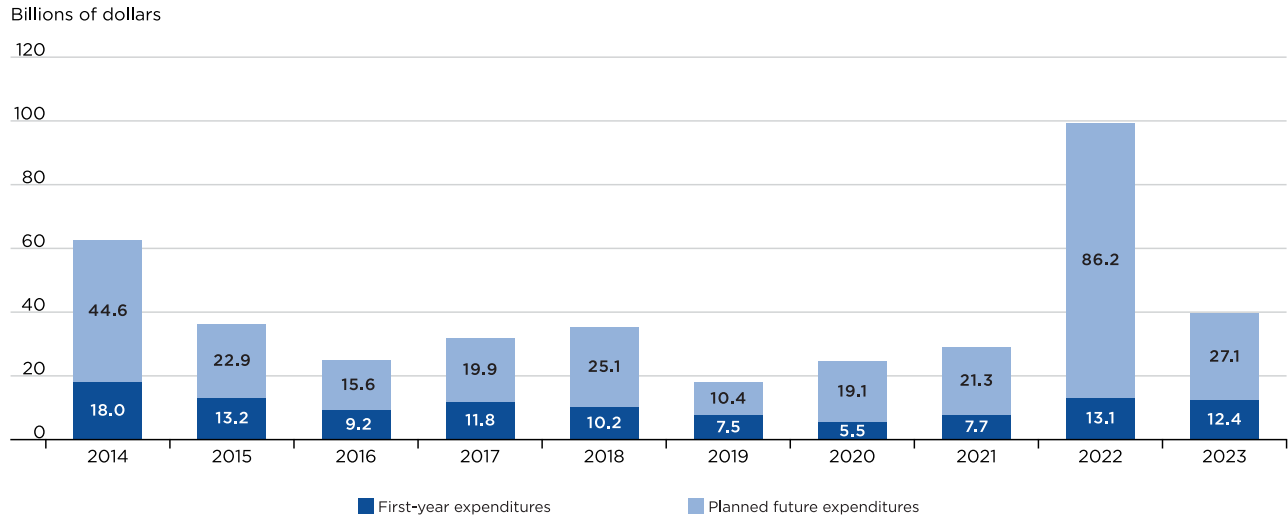


Note. Statistics are shown for the state in which the newly acquired, established, or expanded U.S. business enterprise is located. If the U.S. business enterprise operates in more than one state, it is the state where the largest number of employees are based; if there are no employees, it is the state of incorporation of the U.S. business enterprise.

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- In 2023, 47 states and the District of Columbia received new foreign direct investment. Four states had first-year expenditures of over \$10 billion.
- By state, Missouri received the most investment in 2023, but its value is suppressed due to confidentiality requirements.
- California received the second-most investment (\$12.8 billion), followed by New Jersey (\$12.1 billion) and Texas (\$10.1 billion).

Chart 6. Planned Total Expenditures for Greenfield Investments, for Investments Initiated in 2014–2023

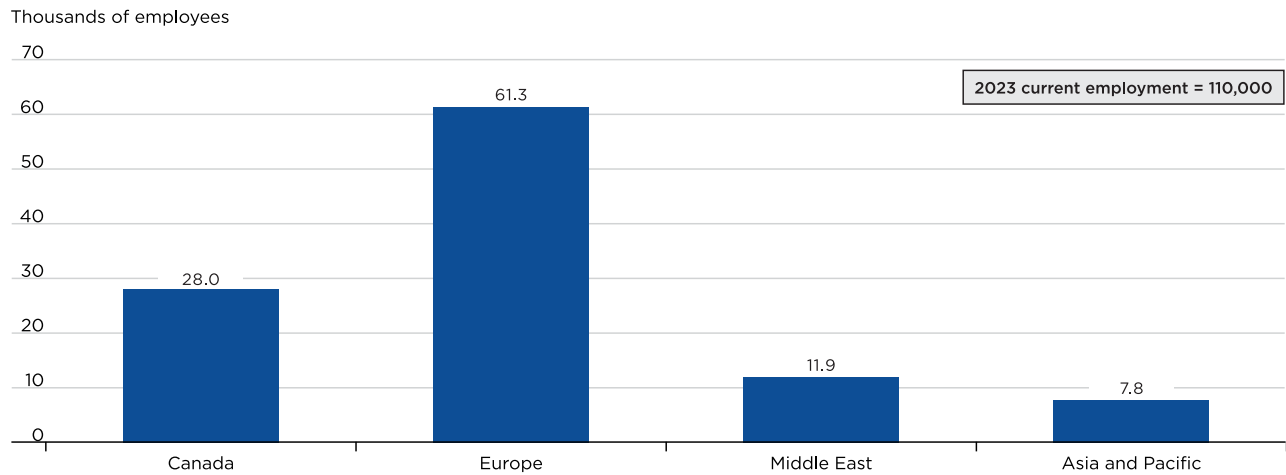


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- Greenfield investment expenditures—expenditures to either establish a new U.S. business or to expand an existing foreign-owned U.S. business—were \$12.4 billion in 2023.
- Total planned expenditures for greenfield investment initiated in 2023, which include both first-year and future expenditures, were \$39.5 billion.
- By industry, total planned expenditures for greenfield investment initiated in 2023 were highest in manufacturing (\$35.1 billion), primarily electrical equipment, appliances, and components, which includes batteries.

Employment

Chart 7. Current Employment by Region of Ultimate Beneficial Owner, 2023

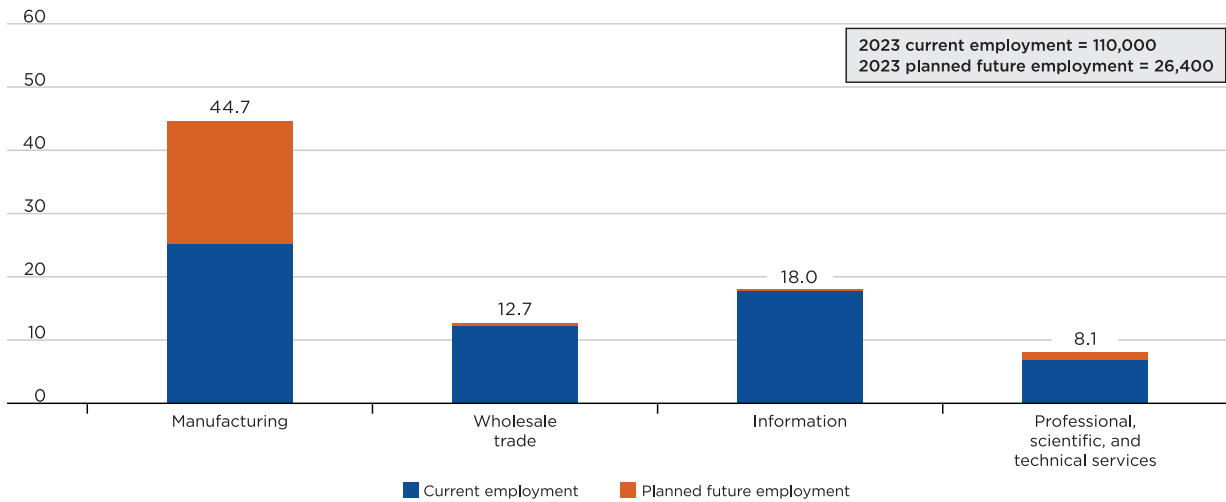


Note. Statistics include all full-time and part-time employees on payroll and exclude contract workers and other workers not carried on payroll of the U.S. business enterprise. Current employment includes the employment of the acquired, established, or new facilities of expanded affiliates at the time the transactions occurred or the investments were initiated.
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- In 2023, employment at newly acquired, established, or expanded foreign-owned businesses in the United States was 110,000 employees.
- Current employment of acquired enterprises was 106,100.
- By region of UBO, Europe accounted for 55.7 percent of current employment in 2023.
- By country of UBO, Canada (28,000), the United Kingdom (23,500), and Germany (13,000) accounted for the largest number of employees.

Chart 8. Current and Planned Future Employment by Industry of Affiliate, 2023

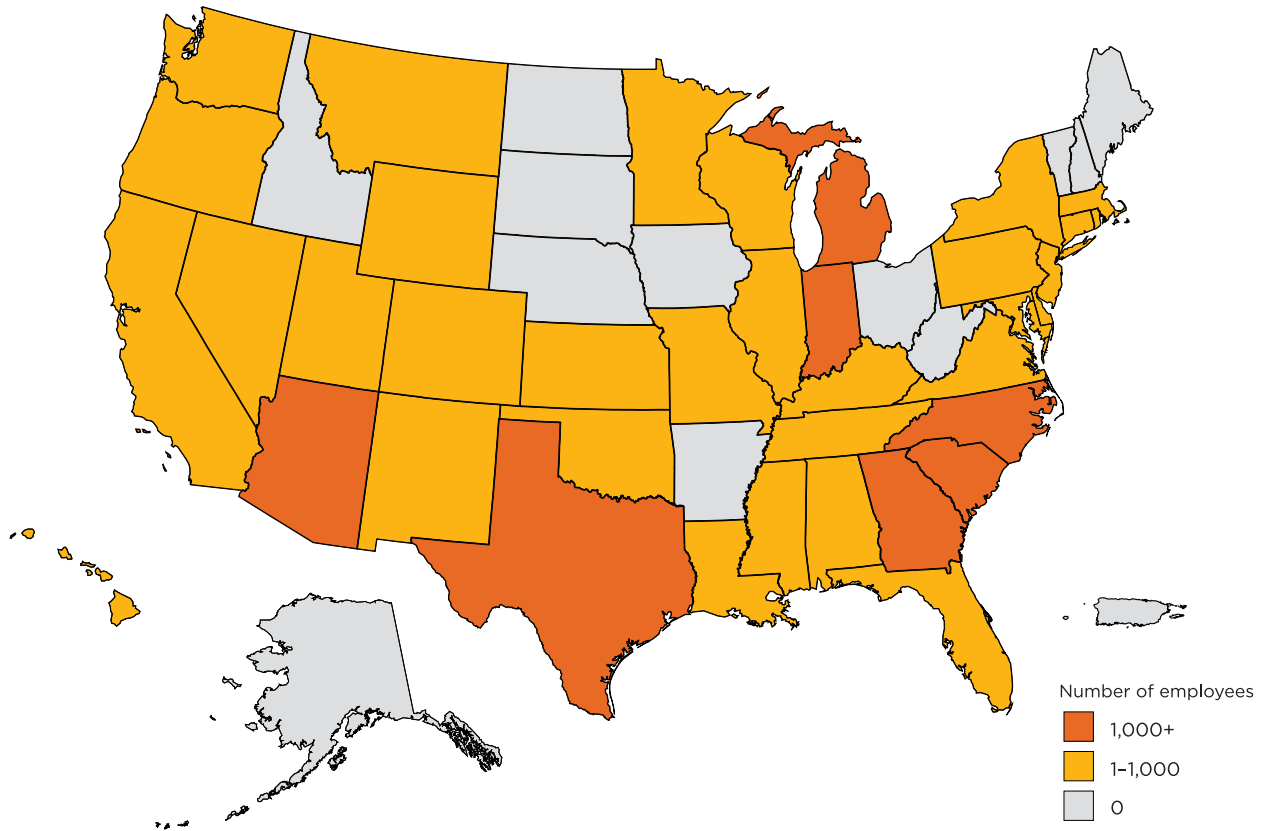
Thousands of employees



Note. Planned future employment consists of the planned future employment of established and expanded business enterprises once they are fully operating.
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- Total planned employment, which includes the current employment of acquired enterprises, the planned future employment of newly established business enterprises when fully operational, and the planned future employment associated with expansions, was 132,500.
- By industry, manufacturing accounted for the highest planned total employment (44,700) for the second year in a row.
- Planned employment for greenfield investments initiated in 2023 was highest in electrical equipment, appliances, and components manufacturing (13,200), which includes batteries.

Chart 9. Planned Total Greenfield Employment by State, for Investments Initiated in 2023



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- 38 states and the District of Columbia had planned employment from greenfield investments initiated in 2023.
- Planned total greenfield employment was largest in Georgia (7,000).



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