

Foreign Direct Investment in the United States

New Investment in 2007

By Y. Louise Ku-Graf

OUTLAYS by foreign direct investors to acquire or to establish U.S. businesses increased sharply in 2007, according to statistics from the Bureau of Economic Analysis. Outlays reached \$276.8 billion in 2007, the second largest on record and the highest since 2000, when new investment outlays peaked at \$335.6 billion (table 1 and chart 1).

Spending by foreign investors increased 67 percent in 2007, following an increase of 81 percent in 2006. The increases in both years were significantly larger than the overall increases in U.S. merger and acquisition activity and broke a pattern of more moderate annual growth from 2002 to 2005. The strong growth in spending in 2006 and 2007 coincided with declines in the value of the dollar against many major currencies. In addition, in both years, large transactions—those that were \$2 billion or more—accounted for about 50 percent of foreign investors' total outlays (table 2).

Among major industries, outlays increased the most in manufacturing, which accounted for nearly half of total investment outlays in 2007 (table 3). Outlays were also sizable in "other industries" (mostly in transportation and warehousing, utilities, and mining), in finance (except depository institutions) and insurance, in real estate and rental and leasing, and in depository institutions (banks).

Outlays by investors from most major geographic areas increased. Outlays from Europe increased substantially. Overall, the outlays from Europe accounted for more than half of the worldwide total (chart 2). Outlays from Canada, Asia and Pacific, and the Middle East also rose considerably.

Chart 1. Outlays for New Investment in the United States by Foreign Direct Investors, 1980–2007

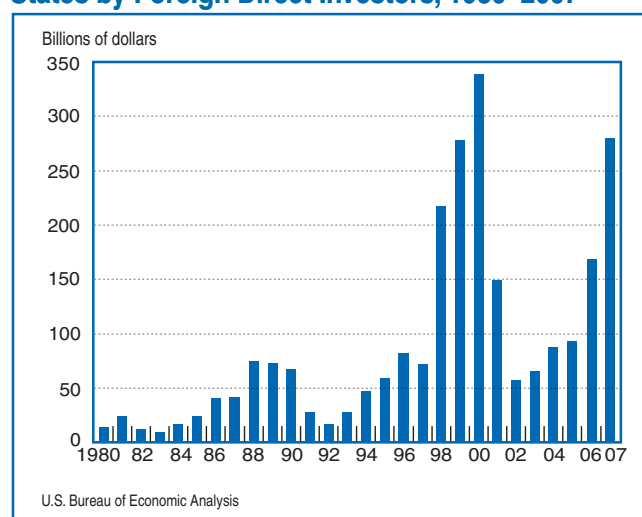


Table 1. Investment Outlays by Type of Investment and Investor, 1992–2007

[Millions of dollars]

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^r | 2007 ^p |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| Total outlays | 15,333 | 26,229 | 45,626 | 57,195 | 79,929 | 69,708 | 215,256 | 274,956 | 335,629 | 147,109 | 54,519 | 63,591 | 86,219 | 91,390 | 165,603 | 276,835 |
| By type of investment: | | | | | | | | | | | | | | | | |
| U.S. businesses acquired | 10,616 | 21,761 | 38,753 | 47,179 | 68,733 | 60,733 | 182,357 | 265,127 | 322,703 | 138,091 | 43,442 | 50,212 | 72,738 | 73,997 | 148,604 | 254,972 |
| U.S. businesses established | 4,718 | 4,468 | 6,873 | 10,016 | 11,196 | 8,974 | 32,899 | 9,829 | 12,926 | 9,017 | 11,077 | 13,379 | 13,481 | 17,393 | 16,999 | 21,863 |
| By type of investor: | | | | | | | | | | | | | | | | |
| Foreign direct investors | 4,058 | 6,720 | 13,628 | 11,927 | 32,230 | 13,899 | 120,828 | 120,878 | 105,151 | 23,134 | 13,650 | 27,866 | 34,184 | 40,304 | 44,129 | 102,339 |
| U.S. affiliates | 11,275 | 19,509 | 31,999 | 45,268 | 47,699 | 55,809 | 94,428 | 154,078 | 230,478 | 123,975 | 40,869 | 35,725 | 52,035 | 51,086 | 121,474 | 174,496 |

^p Preliminary
^r Revised

Table 2. Distribution of Investment Outlays by Size, 1992–2007

[Percent]

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 ^r | 2007 ^p |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Total outlays | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| \$5 billion or more | 0 | 0 | 0 | (D) | 0 | 0 | 55 | 55 | 48 | 30 | (D) | (D) | (D) | 0 | 18 | 22 |
| \$2 billion — \$4.999 billion | 0 | (D) | 27 | 18 | 29 | 12 | 11 | 16 | 20 | 22 | 18 | (D) | 13 | 28 | 30 | 28 |
| \$100 million — \$1.999 billion | 42 | 51 | 51 | 48 | 55 | 67 | 27 | 24 | 27 | 40 | 45 | 43 | 47 | 59 | 45 | 48 |
| Less than \$100 million | 58 | (D) | 22 | (D) | 16 | 21 | 7 | 5 | 5 | 9 | (D) | 12 | (D) | 13 | 7 | 2 |

^p Preliminary
^r Revised
D Suppressed to avoid disclosure of data of individual companies.

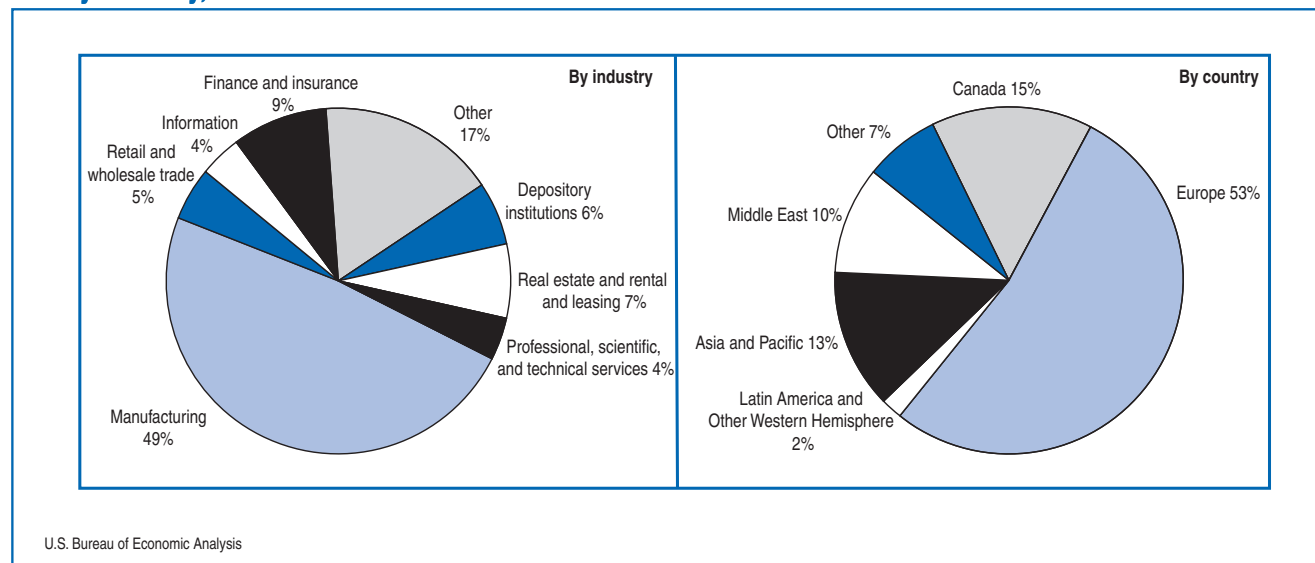
Outlays in 2007

The 67 percent growth in outlays for new foreign direct investments compares with the 24 percent growth in the value of completed mergers and acquisitions in the United States, as estimated by Thompson Reuters. (The same pattern held in 2006, when outlays for new foreign direct investments grew 81 percent and overall U.S. mergers and acquisitions grew 44 percent.) In 2007, as in previous years, most outlays by foreign direct investors were to acquire existing U.S. businesses. These outlays totaled \$255.0 billion, compared with

\$21.9 billion in outlays to establish new U.S. businesses.

Outlays made by, or through, existing U.S. affiliates were \$174.5 billion, compared with \$102.3 billion in outlays made directly by foreign investors. Of the \$174.5 billion that was spent by U.S. affiliates, \$119.1 billion came from their foreign parent groups. Thus, foreign parent groups through a combination of direct outlays and funds they supplied to existing U.S. affiliates funded a total of \$221.5 billion, or 80 percent, of the \$276.8 billion in total outlays. These foreign parent

Chart 2. Outlays for New Investment in the United States by Foreign Direct Investors by Industry and by Country, 2007



Key Terms

Outlays. Expenditures by a foreign direct investor to acquire or establish a new U.S. affiliate. The foreign direct investor, its affiliated foreign companies (foreign parent group), and/or its existing U.S. affiliates may supply the funds for the expenditures (outlays).

Person. Any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization, and any government (including any corporation, institution, or other entity or instrumentality of a government).

Foreign person. A person that resides outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions.

Foreign direct investment in the United States. The ownership or control, directly or indirectly, by one foreign person of 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.

U.S. affiliate. A U.S. business enterprise in which a single foreign investor (a **foreign parent**) owns at least 10 percent of the voting securities, or the equivalent.

Ultimate beneficial owner (UBO). For a U.S. affiliate, the person (in the broad legal sense, including a company), proceeding up the affiliate’s ownership chain beginning with the foreign parent, that is not owned more than 50 percent by another person. The UBO ultimately owns or controls the affiliate and derives the benefits associated with ownership or control. Unlike the foreign parent, the UBO of a U.S. affiliate may be located in the United States.

Foreign parent group. This group consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent’s ownership chain, that owns more than 50 percent of the person below it, up to and including the UBO, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

funds are included in total foreign direct investment in the United States, as recorded in the financial account of the U.S. international transactions accounts.¹

Outlays in manufacturing rose to \$135.2 billion in 2007 from \$56.3 billion in 2006 (table 3). Within manufacturing, the largest increases were in chemicals, transportation equipment, primary metals, and machinery. In chemicals, virtually all outlays in 2007 were to acquire manufacturers of pharmaceuticals and medicines; basic chemicals; and resins and synthetic rubber, fibers, and filaments. In transportation equipment, most of the spending was to acquire manufacturers of motor vehicle parts and aerospace products and parts. In primary metals, more than half of the outlays were for acquisitions of steel products manufacturers. In machinery, most of outlays were to acquire manufacturers of engines, turbines, and power transmission equipment.

Outlays in retail trade, depository institutions, real estate, and "other industries" also increased. In retail

trade, most of the outlays were for "other retail trade" (particularly health and personal care stores and clothing and clothing accessories stores) and for food and beverage stores. In "other industries," most of the outlays were in transportation and warehousing, utilities, and mining.

Outlays by European investors increased 37 percent to \$146.5 billion in 2007, and accounted for more than half of total outlays (table 4). Outlays in manufacturing, "other industries," banks, and retail trade fueled much of the growth. The increase in spending by European investors was more than accounted for by British investors, which invested mainly in manufacturing. Outlays by investors from Spain also increased substantially (tables 7.1 and 7.2).

Outlays by Canadian investors more than tripled, reflecting stepped-up investments in manufacturing, finance (except banks) and insurance, and "other industries," particularly in transportation and warehousing.

Outlays by investors from the Asia and Pacific region rose substantially in 2007, as outlays by investors from Australia, Singapore, and Korea increased significantly. Outlays by investors from Australia in the real estate and rental and leasing industry more than tripled. Outlays from the Middle East also rose substantially, reflecting higher spending from Saudi Arabia and the United Arab Emirates. In 2007, more than half of the outlays by investors from the Middle East were in manufacturing.

1. Foreign direct investment in the United States as recorded in the international transactions accounts, unlike the data on investment outlays in this article, includes financing of both existing and new U.S. affiliates and reflects selloffs and other subtractions from investment as well as additions. However, it excludes any domestic source funds that may be included in the measure of outlays reported in this article. For preliminary estimates of foreign direct investment in 2007, see Christopher L. Bach, "U.S. International Transactions in 2007," SURVEY OF CURRENT BUSINESS 88 (April 2008): 22-73; revised estimates will be published in the July 2008 SURVEY.

Table 3. Investment Outlays by Industry of U.S. Business Enterprise, 2004-2007
[Millions of dollars]

| | 2004 | 2005 | 2006 ^r | 2007 ^p |
|---|---------------|---------------|-------------------|-------------------|
| All industries | 86,219 | 91,390 | 165,603 | 276,835 |
| Manufacturing | 18,251 | 34,036 | 56,330 | 135,194 |
| Food..... | 2,146 | 1,646 | 1,857 | (D) |
| Beverages and tobacco products..... | (D) | (D) | 4,668 | 2,479 |
| Textiles, apparel, and leather products..... | (D) | (D) | (D) | 190 |
| Paper..... | 120 | (D) | (D) | 3,316 |
| Printing and related support activities..... | (D) | (D) | (D) | 0 |
| Petroleum and coal products..... | (D) | 225 | 0 | (D) |
| Chemicals..... | 4,751 | 9,598 | 12,335 | 57,764 |
| Plastics and rubber products..... | 84 | 1,636 | 86 | 4,287 |
| Nonmetallic mineral products..... | 153 | 388 | 1,439 | (D) |
| Primary metals..... | (D) | 4,877 | 4,598 | 12,812 |
| Fabricated metal products..... | (D) | 111 | 884 | 4,289 |
| Machinery..... | 642 | 382 | 1,827 | 9,603 |
| Computers and electronic products..... | 2,934 | 3,596 | (D) | 8,795 |
| Electrical equipment, appliances, and components..... | (D) | 747 | 1,660 | 7,900 |
| Transportation equipment..... | 1,199 | 5,942 | 1,267 | 10,064 |
| Other..... | 969 | 4,663 | 6,562 | 9,694 |
| Wholesale trade | (D) | 3,489 | 8,273 | 6,046 |
| Retail trade | 3,073 | 1,262 | 1,295 | 8,359 |
| Information | 4,315 | 8,487 | 10,341 | 9,694 |
| Publishing industries..... | 1,274 | 2,555 | 5,068 | 3,911 |
| Motion picture and sound recording industries..... | (D) | (D) | (D) | 0 |
| Telecommunications..... | (D) | (D) | 4,308 | 3,562 |
| Other..... | 2,783 | 2,085 | (D) | 2,220 |
| Depository institutions | (D) | 7,973 | 7,547 | 15,255 |
| Finance (except depository institutions) and insurance | 26,234 | 5,529 | 33,776 | 24,251 |
| Real estate and rental and leasing | 6,335 | 8,756 | 12,441 | 20,631 |
| Professional, scientific, and technical services | (D) | 6,407 | 8,923 | 9,984 |
| Other industries | 10,121 | 15,453 | 26,677 | 47,422 |

p Preliminary

r Revised

D Suppressed to avoid disclosure of data of individual companies.

Table 4. Investment Outlays by Country of Ultimate Beneficial Owner, 2004-2007
[Millions of dollars]

| | 2004 | 2005 | 2006 ^r | 2007 ^p |
|---|---------------|---------------|-------------------|-------------------|
| All countries | 86,219 | 91,390 | 165,603 | 276,835 |
| Canada | 31,502 | 13,640 | 12,121 | 41,072 |
| Europe | 43,815 | 56,416 | 106,732 | 146,471 |
| France..... | 6,415 | 5,608 | 18,140 | 17,090 |
| Germany..... | 4,788 | 7,239 | 20,514 | 13,999 |
| Netherlands..... | 461 | 2,609 | 4,769 | 8,886 |
| Switzerland..... | 6,505 | 2,332 | 12,401 | 3,531 |
| United Kingdom..... | 23,288 | 30,420 | 26,261 | 67,524 |
| Other Europe..... | 2,358 | 8,206 | 24,648 | 35,440 |
| Latin America and Other Western Hemisphere | 2,629 | 5,042 | (D) | 6,692 |
| South and Central America..... | 1,382 | 980 | 2,273 | 5,624 |
| Other Western Hemisphere..... | 1,247 | 4,062 | (D) | 1,067 |
| Africa | (D) | (D) | (D) | 97 |
| Middle East | 1,318 | 5,068 | 11,755 | 27,408 |
| Asia and Pacific | 6,015 | 10,924 | 15,759 | 36,933 |
| Australia..... | 3,850 | 4,713 | 5,650 | 15,222 |
| Japan..... | 1,027 | 4,245 | 8,350 | 8,541 |
| Other Asia and Pacific..... | 1,139 | 1,966 | 1,758 | 13,170 |
| United States ¹ | (D) | (D) | (D) | 18,163 |

p Preliminary

r Revised

D Suppressed to avoid disclosure of data of individual companies.

1. The United States is the country of ultimate beneficial owner for businesses newly acquired or established by foreign investors that are ultimately owned by persons located in the United States (see the box "Key Terms").

NOTE: For investments in which more than one investor participated, each investor and each investor's outlays are classified by the country of each individual ultimate beneficial owner.

Operations of acquired or established U.S. businesses

In 2007, U.S. businesses that were newly acquired or established by foreign direct investors employed 487,600 people, compared with 223,400 people in 2006 (table 5). Manufacturing and retail trade—with 147,500 and 143,600 employees, respectively—accounted for the largest shares of employment. Combined, these two industries accounted for 60 percent of total employment by U.S. businesses that were newly acquired or established by foreign direct investors. Professional, scientific, and technical services accounted for 29,500 employees.

In 2007, the total assets of newly acquired or established businesses were \$455.9 billion, up from \$375.8 billion in 2006. Manufacturing accounted for \$169.7 billion; finance (except banks) and insurance, for \$81.0 billion; and banks, for \$68.0 billion. Together, these three industries accounted for 70 percent of total assets.²

Land ownership for newly acquired or established businesses decreased to 364,000 hectares in 2007 from more than 1 million hectares in 2006. Net income of newly acquired or established U.S. affiliates was \$7.7 billion in 2007, up from \$2.9 billion in 2006. Total sales were \$179.1 billion, up from \$80.2 billion.

Revisions

The estimates of new foreign direct investment for 2007 are preliminary. The estimate of total outlays for 2006 has been revised up 3 percent from the preliminary estimate.³ In addition, the estimates of operating data of U.S. businesses acquired or established by foreign direct investors have been revised. The estimate of

2. Because assets can be financed not only by funds from foreign direct investors but also by funds from other owners and lenders, assets of the newly established or acquired U.S. affiliates generally will exceed the related investment outlays.

3. See Lawrence R. McNeil, "Foreign Direct Investment in the United States: New Investment in 2006," SURVEY 87 (June 2007): 44–51.

employment has been revised up 4 percent from the preliminary estimate; the estimate of total assets has been revised up 5 percent; the estimate of sales has been revised up 1 percent; and the estimate of net income has been revised down 7 percent.

Technical Note

Estimates of new foreign direct investment, which cover U.S. business enterprises that were acquired or established by foreign direct investors during the year, are based on data reported in surveys conducted by the Bureau of Economic Analysis (BEA). For the preliminary estimates for 2007, BEA also relied on estimates for reports not yet received. Each year, BEA receives survey reports after the preliminary estimates are published. To make the preliminary estimates as accurate as possible, BEA augments the reported data with estimates for late reports.

Availability of New Investment Data

Summary estimates of the outlays by foreign direct investors to acquire or to establish businesses in the United States are presented in this article. More detailed estimates by industry and by country for 1980–2007 are available on BEA's Web site at <www.bea.gov>.

Discontinuation of New Investment Series

In order to align its programs with available funding, BEA is eliminating the survey of new foreign direct investment in the United States. The last report in this series, which will present data on new investment by foreign direct investors in 2008, will appear in the June 2009 SURVEY OF CURRENT BUSINESS. BEA will continue to collect extensive data on foreign direct investment in the United States, but it will no longer be able to separately identify the portion accounted for by investments in newly acquired or established U.S. affiliates.

Table 5. Selected Operating Data of U.S. Business Enterprises Acquired or Established, by Industry of U.S. Business Enterprise, 2006–2007

| | 2006 ^r | | | | | 2007 ^p | | | | |
|---|---------------------|---------------|--------------|------------------------|-------------------------------|---------------------|----------------|--------------|------------------------|-------------------------------|
| | Millions of dollars | | | Thousands of employees | Hectares of land ¹ | Millions of dollars | | | Thousands of employees | Hectares of land ¹ |
| | Total assets | Sales | Net income | | | Total assets | Sales | Net income | | |
| All industries | 375,772 | 80,157 | 2,912 | 223.4 | (D) | 455,865 | 179,107 | 7,694 | 487.6 | 364,025 |
| Manufacturing..... | 89,246 | 30,828 | 1,283 | 85.2 | 10,535 | 169,684 | 94,792 | 4,618 | 147.5 | 318,596 |
| Wholesale trade..... | 7,395 | 9,267 | 413 | 15.8 | (D) | 7,496 | 7,103 | 170 | 14.4 | 171 |
| Retail trade..... | 1,589 | 2,264 | 164 | 6.8 | (D) | 16,537 | 30,099 | 61 | 143.6 | 714 |
| Information..... | 16,290 | 4,841 | -5 | 15.3 | (D) | 10,311 | 4,949 | 46 | 10.0 | 120 |
| Depository institutions..... | 93,501 | 3,575 | 872 | 15.0 | 270 | 67,960 | 3,192 | 588 | 14.4 | 299 |
| Finance (except depository institutions) and insurance..... | 103,764 | 9,398 | -855 | 11.9 | (D) | 81,045 | 7,928 | 1,011 | 16.0 | 15 |
| Real estate and rental and leasing..... | 17,406 | 2,648 | 8 | 1.5 | 7,595 | 30,781 | 2,758 | 387 | 2.2 | 12,758 |
| Professional, scientific, and technical services..... | 8,067 | 1,978 | 200 | 10.5 | (D) | 11,404 | 4,763 | -93 | 29.5 | 32 |
| Other industries..... | 38,512 | 15,357 | 831 | 61.3 | (D) | 60,648 | 23,524 | 908 | 110.0 | 31,320 |

^p Preliminary

^r Revised

^D Suppressed to avoid disclosure of data of individual companies.

1. One hectare equals 2.471 acres. Thus, for all industries, acres of land owned in 2007 was 899,506.

NOTE: For newly acquired businesses, the data cover the most recent financial reporting year preceding acquisition. For newly established businesses, the data are projections for the first full year of operations.

For the survey, a U.S. business enterprise is categorized as “established” if the foreign parent or its existing U.S. affiliate creates a new legal entity that is organized and operated as a new U.S. business enterprise or that directly purchases U.S. real estate.⁴ A U.S. business enterprise is categorized as “acquired” if (1) a foreign parent or its U.S. affiliate obtains a voting interest of 10 percent or more in the equity of an existing U.S. business enterprise and continues to operate the enterprise as a separate legal entity; (2) a foreign parent or its U.S. affiliate purchases a business segment or an operating unit of an existing U.S. business and organizes it as a new separate legal entity; or (3) an existing U.S. affiliate purchases a U.S. business, a segment of a U.S. business, or an operating unit of a U.S. business and merges it into its own operations.

The estimates of new foreign direct investment do not cover the acquisition of additional equity in an existing U.S. affiliate, the acquisition of an existing U.S. affiliate by one foreign investor from another, or the expansion in the operations of an existing U.S. affiliate when no separate legal entity is created. Selloffs or other disinvestments are not netted against the new investments. (For more information, see the box “Data

4. The number of new U.S. businesses established is not the same as the number of “greenfield” investments, which typically refers to the construction of new plants or other business facilities. First, direct purchases of U.S. real estate—which often involve purchases of existing office buildings, hotels, retail stores, shopping centers, or other property—are included in the “established” measure but are not considered “greenfield” investments. Second, new plants that are built by existing U.S. affiliates are considered “greenfield” investments, but they are included in these data as “established” businesses only if they are set up as separate legal entities.

on Foreign Direct Investment in the United States.”)

A U.S. business that is acquired or established by a foreign direct investor or by an existing U.S. affiliate of a foreign investor and that has total assets of more than \$3 million or owns 200 acres or more of U.S. land is required to file a full report with BEA. In addition, a U.S. business enterprise that is acquired by an existing U.S. affiliate of a foreign investor and merged into the operations of the affiliate must file a full report if the total cost of the acquisition exceeds \$3 million or if the acquired enterprise owned 200 acres or more of U.S. land. To reduce the reporting burden, smaller U.S. businesses that have total assets of \$3 million or less and that own fewer than 200 acres of U.S. land are permitted to file shorter, partial reports.⁵

BEA prepares estimates to account for data not collected on the partial reports and combines these estimates with the data it collects on the full reports. Because the businesses that file partial reports are so small, they generally have a negligible impact on the published aggregates. For example, in 2006, the total assets of U.S. businesses that filed partial reports were \$166.4 million, less than 0.1 percent of the total assets of all newly acquired or established U.S. affiliates.

Although the values for the partial reports are generally negligible, the number of partial reports is significant. For example, in 2006, BEA received 1,165 partial reports and 725 full reports. Furthermore, the number of businesses that are subject to partial

5. Survey forms for both the full report (BE-13) and the partial report (BE-13, Supplement C) are available on BEA’s Web site at <www.bea.gov>.

Data on Foreign Direct Investment in the United States

In addition to the data on new foreign direct investment presented in this article, BEA collects and publishes two other broad sets of data on foreign direct investment in the United States: Financial and operating data of U.S. affiliates and balance-of-payments and direct-investment-position data.

Financial and operating data of U.S. affiliates are published at both the enterprise level and the establishment level. Detailed enterprise-level financial and operating data were most recently published in “U.S. Affiliates of Foreign Companies: Operations in 2005” in the August 2007 SURVEY OF CURRENT BUSINESS; the article includes a description of the three types of data. Summary estimates for 2006 were presented in the April 17, 2008, news release “Summary Estimates for Multinational Companies: Employment, Sales, and Capital Expenditures for 2006,” which is available on BEA’s Web site <www.bea.gov>. Financial and operating data at the

establishment level are available for selected years as a result of a project that links BEA’s enterprise data for U.S. affiliates with the Census Bureau’s establishment data for all U.S. companies. The most recent data are published in *Foreign Direct Investment in the United States: Establishment Data for 2002*, which is available on BEA’s Web site.

The balance-of-payments and direct-investment-position data were published in “The International Investment Position of the United States at Yearend 2006” and “Direct Investment Positions for 2006: Country and Industry Detail” in the July 2007 SURVEY, in “Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows for 2004–2006” in the September 2007 SURVEY, and in “U.S. International Transactions in 2007” in the April 2008 SURVEY. Revised and updated data will be published in the July and September 2008 issues.

reporting may be higher than the actual number of partial reports that BEA receives because not all of the smaller U.S. businesses acquired or established by foreigners file reports. BEA makes every effort to contact all U.S. businesses that may have been newly acquired or established by foreigners, but it must concentrate its resources on ensuring compliance with reporting requirements by larger businesses.

Of the 725 full reports filed for 2006, 526 reported investments to acquire an existing U.S. business, and 199 reported investments to establish a new U.S. business. For 2007, BEA estimates that 802 businesses will have filed full reports by the time the revised estimates

are published in 2009.⁶ The number of full reports by size of outlay is shown in the table below.

| | 2005 | 2006 ^r | 2007 ^p |
|------------------------------------|------|-------------------|-------------------|
| Total..... | 655 | 725 | 802 |
| \$5 billion or more..... | 0 | 3 | 6 |
| \$2 billion–\$4.999 billion..... | 8 | 16 | 26 |
| \$100 million–\$1.999 billion..... | 131 | 179 | 190 |
| Less than \$100 million..... | 516 | 527 | 580 |

^p Preliminary
^r Revised

For 2007, the number of investments in the two largest classes represents the number of reports that were received. The number of investments in the two smallest class sizes includes an estimate of the number of late reports that will be received before the revised estimates are published.

6. As noted earlier, the preliminary estimates include BEA estimates of late reports. Estimates of each data item covered by the survey are prepared, and they cover both full and partial reports. BEA also estimates the number of full reports, but it does not estimate the number of partial reports, because this number fluctuates considerably from year to year.

Tables 6, 7.1, and 7.2 follow.

Acknowledgments

The data presented in this article are from BEA's survey of new foreign direct investment in the United States. The survey was conducted under the supervision of Dorrett E. Williams, with contributions by Carmene T. Brown, Constance T. Deve, Edward J. Kozierka, Y. Louise Ku-Graf, and Daniel K. Wakjira. Neeta B. Kapoor programmed the tables.

Table 6. Investment Outlays by Type of Investment and Investor, by Industry of U.S. Business Enterprise, 2006–2007

[Millions of dollars]

| | 2006 ^r | | | | | 2007 ^p | | | | |
|--|-------------------|--------------------------|-----------------------------|--------------------------|-----------------|-------------------|--------------------------|-----------------------------|--------------------------|-----------------|
| | Total | By type of investment | | By type of investor | | Total | By type of investment | | By type of investor | |
| | | U.S. businesses acquired | U.S. businesses established | Foreign direct investors | U.S. affiliates | | U.S. businesses acquired | U.S. businesses established | Foreign direct investors | U.S. affiliates |
| All industries..... | 165,603 | 148,604 | 16,999 | 44,129 | 121,474 | 276,835 | 254,972 | 21,863 | 102,339 | 174,496 |
| Manufacturing..... | 56,330 | 55,497 | 833 | 8,571 | 47,759 | 135,194 | 130,590 | 4,604 | 56,703 | 78,491 |
| Food..... | 1,857 | (D) | (D) | 936 | 920 | (D) | (D) | (D) | (D) | (D) |
| Beverages and tobacco products..... | 4,668 | (D) | (D) | (D) | (D) | 2,479 | (D) | (D) | 2,451 | 28 |
| Textiles, apparel, and leather products..... | (D) | (D) | (D) | (D) | (D) | 190 | 190 | 0 | (D) | (D) |
| Paper..... | (D) | (D) | (D) | 0 | (D) | 3,316 | 3,316 | 0 | (D) | (D) |
| Printing and related support activities..... | (D) | (D) | 0 | 0 | (D) | 0 | 0 | 0 | 0 | 0 |
| Petroleum and coal products..... | 0 | 0 | 0 | 0 | 0 | (D) | (D) | 0 | 0 | (D) |
| Chemicals..... | 12,335 | (D) | (D) | (D) | (D) | 57,764 | 57,764 | 0 | 35,062 | 22,703 |
| Plastics and rubber products..... | 86 | (D) | (D) | (D) | (D) | 4,287 | 4,287 | 0 | 0 | 4,287 |
| Nonmetallic mineral products..... | 1,439 | (D) | (D) | (D) | (D) | (D) | 746 | (D) | (D) | 746 |
| Primary and fabricated metals..... | 5,482 | (D) | (D) | (D) | (D) | 17,101 | (D) | (D) | 8,864 | 8,237 |
| Machinery..... | 1,827 | (D) | (D) | 453 | 1,374 | 9,603 | (D) | (D) | 3,439 | 6,163 |
| Computers and electronic products..... | (D) | (D) | 9 | (D) | (D) | 8,795 | 8,795 | 0 | 5,211 | 3,584 |
| Electrical equipment, appliances, and components..... | 1,660 | (D) | (D) | 949 | 711 | 7,900 | (D) | (D) | 236 | 7,664 |
| Transportation equipment..... | 1,267 | (D) | (D) | (D) | (D) | 10,064 | 9,840 | 225 | 261 | 9,803 |
| Other..... | 6,562 | (D) | (D) | (D) | (D) | 9,694 | (D) | (D) | 210 | 9,484 |
| Wholesale trade..... | 8,273 | 8,191 | 82 | 5,960 | 2,312 | 6,046 | (D) | (D) | 230 | 5,817 |
| Retail trade..... | 1,295 | (D) | (D) | (D) | (D) | 8,359 | (D) | (D) | 4,412 | 3,946 |
| Information..... | 10,341 | 10,268 | 74 | 3,920 | 6,421 | 9,694 | (D) | (D) | 4,003 | 5,690 |
| Publishing industries..... | 5,068 | (D) | (D) | 324 | 4,744 | 3,911 | 3,911 | 0 | 2,340 | 1,571 |
| Motion pictures and sound recording industries..... | (D) | (D) | (D) | (D) | (D) | 0 | 0 | 0 | 0 | 0 |
| Telecommunications..... | 4,308 | (D) | (D) | (D) | (D) | 3,562 | (D) | (D) | 1,287 | 2,275 |
| Other..... | (D) | (D) | 20 | (D) | 811 | 2,220 | 2,220 | 0 | 376 | 1,844 |
| Depository institutions..... | 7,547 | (D) | (D) | (D) | (D) | 15,255 | 15,255 | 0 | 12,593 | 2,661 |
| Finance (except depository institutions) and insurance..... | 33,776 | 27,651 | 6,124 | 7,524 | 26,252 | 24,251 | 19,831 | 4,420 | 11,193 | 13,057 |
| Real estate and rental and leasing..... | 12,441 | 6,803 | 5,638 | 3,190 | 9,250 | 20,631 | 9,786 | 10,844 | 182 | 20,449 |
| Professional, scientific, and technical services..... | 8,923 | (D) | (D) | 6,402 | 2,521 | 9,984 | (D) | (D) | 1,082 | 8,903 |
| Other industries..... | 26,677 | 25,524 | 1,153 | 3,952 | 22,725 | 47,422 | 47,305 | 117 | 11,940 | 35,482 |

^p Preliminary
^r Revised
D Suppressed to avoid disclosure of data of individual companies.

Table 7.1. Investment Outlays, Country of Ultimate Beneficial Owner by Industry of U.S. Business Enterprise, 2006
[Millions of dollars]

| | All industries | Manufacturing | Wholesale trade | Retail trade | Information | Depository institutions | Finance (except depository institutions and insurance) | Real estate and rental and leasing | Professional, scientific, and technical services | Other industries |
|---|----------------|---------------|-----------------|--------------|---------------|-------------------------|--|------------------------------------|--|------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| All countries | 165,603 | 56,330 | 8,273 | 1,295 | 10,341 | 7,547 | 33,776 | 12,441 | 8,923 | 26,677 |
| Canada | 12,121 | 3,139 | 36 | (D) | 239 | (D) | 3,861 | 361 | 84 | 1,973 |
| Europe | 106,732 | 38,640 | 7,470 | 644 | 6,182 | 4,900 | 20,092 | 6,145 | 5,208 | 17,452 |
| <i>Of which:</i> | | | | | | | | | | |
| Belgium | 671 | (D) | (D) | 0 | 0 | 0 | 582 | 0 | (D) | 0 |
| Denmark | (D) | (D) | (D) | 0 | (D) | 0 | 0 | 0 | 0 | (D) |
| Finland | 632 | 193 | 0 | (D) | (D) | 0 | 0 | 0 | 0 | 0 |
| France | 18,140 | (D) | (D) | (D) | 1,015 | 0 | (D) | (D) | (D) | 38 |
| Germany | 20,514 | 8,312 | (D) | (D) | (D) | 0 | 145 | (D) | (D) | (D) |
| Ireland | 4,551 | 1,155 | 0 | (D) | (D) | (D) | (D) | (D) | (D) | (D) |
| Italy | (D) | (D) | (D) | 0 | 0 | 0 | (D) | 0 | (D) | (D) |
| Luxembourg | (D) | (D) | 0 | 0 | (D) | 0 | (D) | 0 | (D) | (D) |
| Netherlands | 4,769 | 1,511 | (D) | 0 | (D) | (D) | 0 | (D) | 65 | (D) |
| Norway | (D) | 0 | 0 | 0 | (D) | 0 | 0 | 0 | 0 | (D) |
| Spain | 9,727 | (D) | (D) | 0 | (D) | (D) | (D) | 87 | 0 | (D) |
| Sweden | 1,246 | 788 | (D) | 0 | 162 | 0 | 0 | (D) | (D) | (D) |
| Switzerland | 12,401 | 751 | (D) | 0 | (D) | 0 | (D) | (D) | (D) | (D) |
| United Kingdom | 26,261 | 6,656 | 1,556 | (D) | 1,159 | 0 | 7,693 | (D) | 604 | 4,816 |
| Latin America and Other Western Hemisphere | (D) | 3,493 | (D) | (D) | (D) | (D) | 161 | (D) | (D) | (D) |
| South and Central America | 2,273 | 1,319 | (D) | (D) | (D) | (D) | 60 | (D) | (D) | 21 |
| <i>Of which:</i> | | | | | | | | | | |
| Brazil | (D) | (D) | (D) | 0 | 0 | 0 | 0 | (D) | (D) | (D) |
| Mexico | 1,160 | 713 | (D) | (D) | (D) | (D) | 60 | (D) | (D) | (D) |
| Other Western Hemisphere | (D) | 2,174 | (D) | 0 | (D) | 0 | 101 | (D) | (D) | (D) |
| <i>Of which:</i> | | | | | | | | | | |
| Bermuda | 4,364 | (D) | (D) | 0 | (D) | 0 | (D) | 0 | (D) | (D) |
| Netherlands Antilles | (D) | (D) | 0 | 0 | 0 | 0 | 0 | 0 | (D) | (D) |
| United Kingdom Islands, Caribbean | (D) | (D) | (D) | 0 | (D) | 0 | (D) | (D) | (D) | (D) |
| Africa | (D) | 0 | 0 | 0 | 0 | 0 | 0 | (D) | (D) | 0 |
| Middle East | 11,755 | (D) | (D) | (D) | (D) | 0 | (D) | 1,392 | (D) | 1,683 |
| <i>Of which:</i> | | | | | | | | | | |
| Israel | (D) | (D) | 0 | 0 | (D) | 0 | (D) | 0 | (D) | 18 |
| United Arab Emirates | 2,215 | 0 | (D) | 0 | 0 | 0 | 0 | 972 | 0 | (D) |
| Asia and Pacific | 15,759 | 3,010 | 235 | (D) | 148 | (D) | 1,090 | 3,648 | (D) | 3,861 |
| <i>Of which:</i> | | | | | | | | | | |
| Australia | 5,650 | 351 | (D) | 0 | (D) | 0 | (D) | 3,250 | (D) | 1,874 |
| China | (D) | (D) | (D) | 0 | (D) | 0 | 0 | 0 | (D) | 0 |
| Hong Kong | (D) | (D) | (D) | (D) | 0 | (D) | 0 | 0 | (D) | 0 |
| India | (D) | (D) | (D) | 0 | 0 | 0 | 0 | 0 | (D) | (D) |
| Japan | 8,350 | 1,040 | 150 | (D) | 143 | 0 | (D) | 331 | (D) | 1,981 |
| United States ¹ | (D) | (D) | 0 | 0 | (D) | 0 | (D) | (D) | (D) | (D) |
| Addenda: | | | | | | | | | | |
| European Union (25) ² | 93,212 | 37,590 | 7,416 | 644 | 5,600 | 4,900 | 9,910 | 6,093 | 5,040 | 16,020 |
| OPEC ³ | 2,711 | (D) | (D) | 0 | (D) | 0 | (D) | 1,392 | 0 | 1,303 |

D Suppressed to avoid disclosure of data of individual companies.

1. The United States is shown as the country of ultimate beneficial owner for businesses newly acquired or established by foreign investors that are, in turn, ultimately owned by persons located in the United States (see the box "Key Terms").

2. The European Union (25) comprises Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

3. OPEC is the Organization of Petroleum Exporting Countries. In 2006, its members were Algeria, Indonesia, Iran,

Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Notes. Data for 2006 are revised. For investments in which more than one investor participated, each investor and each investor's outlays are classified by the country of each individual ultimate beneficial owner.

This table presents the major regions, the European Union, OPEC, and the following countries: Australia, Canada, China, France, Germany, Hong Kong, Japan, the Netherlands, Switzerland, the United Kingdom, and the United States. In addition, it presents any country whose total outlays for 2006 were greater than \$500 million.

Table 7.2. Investment Outlays, Country of Ultimate Beneficial Owner by Industry of U.S. Business Enterprise, 2007
[Millions of dollars]

| | All industries | Manufacturing | Wholesale trade | Retail trade | Information | Depository institutions | Finance (except depository institutions and insurance) | Real estate and rental and leasing | Professional, scientific, and technical services | Other industries |
|---|----------------|----------------|-----------------|--------------|--------------|-------------------------|--|------------------------------------|--|------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| All countries | 276,835 | 135,194 | 6,046 | 8,359 | 9,694 | 15,255 | 24,251 | 20,631 | 9,984 | 47,422 |
| Canada | 41,072 | 18,048 | (D) | (D) | 1,366 | 1,365 | 8,292 | (D) | 1,413 | 6,292 |
| Europe | 146,471 | 64,260 | 3,391 | 3,788 | 6,050 | 13,790 | 11,021 | 3,010 | 7,924 | 33,237 |
| <i>Of which:</i> | | | | | | | | | | |
| France..... | 17,090 | 8,095 | (D) | 266 | 1,016 | 0 | (D) | 0 | 2,055 | 5,346 |
| Germany..... | 13,999 | 648 | 402 | (D) | 677 | 0 | 4,025 | 452 | (D) | 3,297 |
| Italy..... | 8,922 | (D) | 0 | (D) | 0 | 0 | 0 | 0 | 0 | 6,236 |
| Luxembourg..... | 1,686 | (D) | 0 | (D) | 0 | 0 | 0 | 0 | 0 | (D) |
| Netherlands..... | 8,886 | 2,025 | 1,930 | 0 | 1,466 | (D) | 1,918 | 381 | 105 | (D) |
| Spain..... | 15,961 | 0 | (D) | 0 | 0 | 12,512 | (D) | (D) | 0 | 3,374 |
| Sweden..... | 3,919 | 3,548 | (D) | 0 | (D) | 0 | 0 | 0 | (D) | 0 |
| Switzerland..... | 3,531 | 1,797 | 560 | 0 | (D) | 0 | 383 | 0 | 364 | (D) |
| United Kingdom..... | 67,524 | 41,845 | (D) | 105 | 2,593 | (D) | 4,635 | 2,114 | 2,234 | 13,709 |
| Latin America and Other Western Hemisphere | 6,692 | (D) | 0 | 0 | 0 | (D) | (D) | 258 | 159 | 123 |
| South and Central America..... | 5,624 | 5,568 | 0 | 0 | 0 | (D) | (D) | (D) | 0 | (D) |
| <i>Of which:</i> | | | | | | | | | | |
| Brazil..... | 5,563 | (D) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (D) |
| Other Western Hemisphere..... | 1,067 | (D) | 0 | 0 | 0 | 0 | 471 | (D) | 159 | (D) |
| <i>Of which:</i> | | | | | | | | | | |
| United Kingdom Islands, Caribbean..... | 834 | (D) | 0 | 0 | 0 | 0 | 412 | (D) | 159 | (D) |
| Africa | 97 | (D) | 0 | 0 | 0 | 0 | 0 | 0 | (D) | 0 |
| Middle East | 27,408 | 16,634 | (D) | (D) | 0 | 0 | (D) | 5,493 | 0 | (D) |
| <i>Of which:</i> | | | | | | | | | | |
| Saudi Arabia..... | 15,079 | (D) | 0 | 0 | 0 | 0 | 0 | (D) | 0 | 0 |
| United Arab Emirates..... | (D) | (D) | 0 | (D) | 0 | 0 | (D) | 5,239 | 0 | (D) |
| Asia and Pacific | 36,933 | 15,479 | 1,768 | 0 | (D) | (D) | 2,950 | 11,645 | (D) | 2,675 |
| <i>Of which:</i> | | | | | | | | | | |
| Australia..... | 15,222 | 902 | (D) | 0 | (D) | 0 | (D) | 11,442 | 0 | 2,056 |
| China..... | (D) | (D) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hong Kong..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| India..... | 1,921 | 342 | (D) | 0 | 1,116 | 0 | 0 | 0 | (D) | 425 |
| Japan..... | 8,541 | 4,842 | 1,686 | 0 | 0 | 0 | 1,166 | 203 | 451 | 193 |
| Korea, Republic of..... | 3,039 | (D) | 0 | 0 | (D) | 0 | 0 | 0 | 0 | 0 |
| New Zealand..... | 1,241 | 1,241 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Singapore..... | 6,271 | (D) | (D) | 0 | 0 | 0 | (D) | 0 | 0 | 0 |
| United States ¹ | 18,163 | 15,023 | 0 | 0 | (D) | 0 | 0 | (D) | 0 | (D) |
| Addenda: | | | | | | | | | | |
| European Union (27) ² | 142,624 | 62,187 | 2,831 | 3,788 | 6,038 | 13,790 | 10,637 | 3,010 | 7,550 | 32,794 |
| OPEC ³ | 26,208 | 15,670 | (D) | (D) | 0 | 0 | (D) | 5,258 | 0 | (D) |

D Suppressed to avoid disclosure of data of individual companies.

1. The United States is shown as the country of ultimate beneficial owner for businesses newly acquired or established by foreign investors that are, in turn, ultimately owned by persons located in the United States (see the box "Key Terms").

2. The European Union (27) comprises Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, the United Kingdom and the two countries—Bulgaria and Romania—that joined in 2007.

3. OPEC is the Organization of Petroleum Exporting Countries. In 2007, its members were Angola (which joined at the

beginning of the year), Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. Ecuador rejoined OPEC in November 2007, but is not included as a member in this annual tabulation.

NOTES. Data for 2007 are preliminary. For investments in which more than one investor participated, each investor and each investor's outlays are classified by the country of each individual ultimate beneficial owner.

This table presents the major regions, the European Union, OPEC, and the following countries: Australia, Canada, China, France, Germany, Hong Kong, Japan, the Netherlands, Switzerland, the United Kingdom, and the United States. In addition, it presents any country whose total outlays for 2007 were greater than \$500 million.