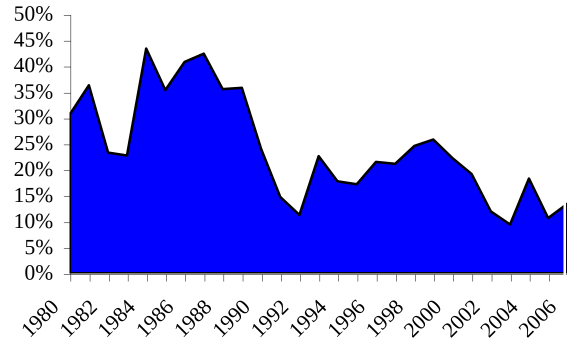
FDI and the U.S. Economy

Fact Sheet

Foreign Direct Investment (FDI) contributes to productivity growth, generates U.S. exports, and creates high-paying jobs for American workers. The United States has historically been the most attractive destination in the world for FDI, but that leadership position cannot be taken for granted. [1]

U.S. Share of Global FDI Inflows (Source: UNCTAD)



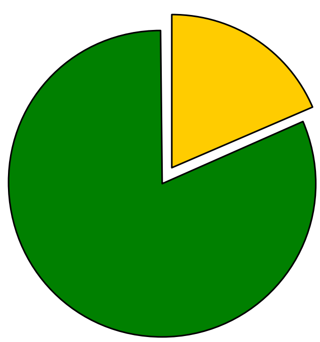
- **Foreign Direct Investment Creates New Jobs:** U.S. affiliates of foreign companies (majority owned) employ approximately 5.3 million U.S. workers, or 4.6% of private industry employment. Between 2003 and 2007, over 3,300 new projects were announced or opened by foreign companies, yielding $184 billion in investment and about 447,000 new jobs.[3]

- **Foreign Direct Investment Boosts Wages:** Foreign companies support an annual U.S. payroll of $364 billion, with average annual compensation per employee of over $68,000. On average, U.S. subsidiaries of foreign firms pay 25 percent higher wages and salaries than that of all U.S. establishments.[4]

- **Foreign Direct Investment Reinvests Profits Back into the U.S. Economy:** In 2007, foreign affiliates reinvested $64 billion of their profits back into the U.S. economy. [5]

- **Foreign Direct Investment Strengthens U.S. Manufacturing:** In 2006, 30% of the jobs supported by U.S. affiliates of foreign companies were in the manufacturing sector, accounting for 11% of all manufacturing jobs in the United States.[6]

U.S. Exports Shipped by Affiliates as a Percentage of Total U.S. Exports (Source: BEA)



- **Foreign Direct Investment Brings in New Research, Technology, and Skills:** Affiliates of foreign companies spent over $34 billion on research and development in 2006 and $160 billion on plants and equipment.

- **Foreign Direct Investment Can Help U.S. Companies Penetrate International Markets, and Increase U.S. Exports:** U.S. companies can use multinationals' distribution networks and knowledge about foreign tastes to export into new markets. Approximately 19% ($195 billion) of all U.S. exports were generated by U.S. subsidiaries of foreign companies in 2006.

---

[1] See Chart; [2] Bureau of Economic Analysis (BEA) and U.S. Department of Treasury; [3] OCO Monitor; [4] Bureau of Economic Analysis, U.S. Department of Commerce, "Operations of Multinational Companies," http://www.bea.gov/international/index.htm#omc; "National Economic Accounts," http://www.bea.gov/national.; [5] Unless otherwise noted, all data supplied by the Bureau of Economic Analysis. [6] BEA data and U.S. Department of the Treasury, "Fact Sheet: An Open Economy is Vital to U.S. Prosperity," May 2007.

INTERNATIONAL TRADE ADMINISTRATION