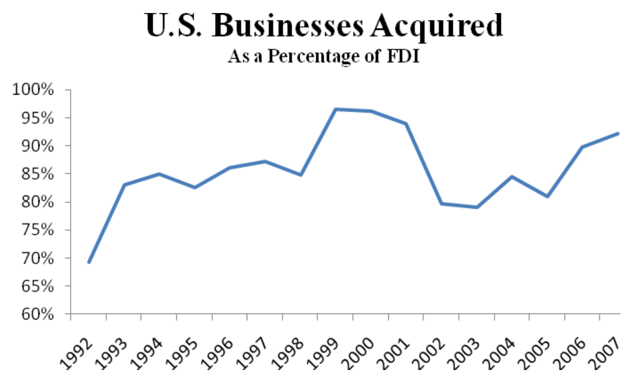
Invest in America

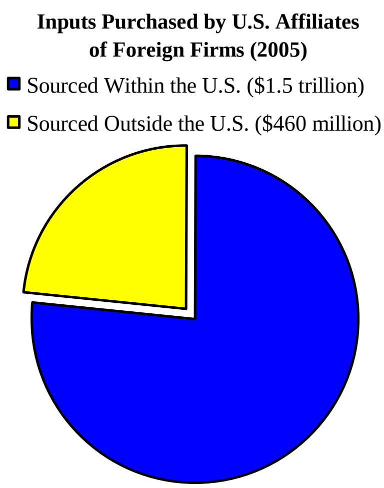
Mergers and Acquisitions
Fact Sheet



Mergers and acquisitions (M&A) by foreign firms support U.S. jobs, increase business productivity, and finance the U.S. current-account deficit. M&A is a major part of foreign investment flows and accounts for most FDI into the United States – an average of 85 percent of all FDI inflows since the early 1990s.[1]

- **Support Jobs in the United States:** U.S. subsidiaries of foreign firms employ approximately 5.3 million American workers, support an annual payroll of $364 billion, and pay on average 25 percent higher wages than U.S. establishments.[2]

- **Increase Business Productivity and Profitability:** Empirical studies have shown that most mergers and acquisitions spur productivity growth for the acquired businesses.[3] Furthermore, a December 2007 report highlights several studies that find that mergers and acquisitions generally improve cash flows, research and development spending, and overall performance of acquired companies.[4]



- **Finance the U.S. Current Account Deficit:** A large proportion of the U.S. current account deficit is financed by the acquisition of U.S. companies by international investors. In contrast with portfolio investments, international M&A is highly stable and directly stimulates international trade and capital investment.[5]

- **Buy from U.S. Businesses:** U.S. affiliates of foreign firms purchase over 75 percent of their inputs from U.S. businesses (approximately $1.5 trillion in 2005).[6] These transactions have a significant and positive effect on the U.S. economy as a whole: spurring new job creation and economic growth.

---

[1] Bureau of Economic Analysis, "News Release: Foreign Investors' Spending, 2006"; [2] Bureau of Economic Analysis, "Foreign Direct Investment in the U.S.: Financial and Operating Data" and "National Economic Accounts." [3] For example, see Maksimovic and Phillips, "The Market for Corporate Assets: Who Engages in mergers and Asset Sales and Are There Efficiency Gains?" (2001); [4] Matthew Slaughter, "Insourcing Mergers & Acquisitions" (December 2007); [5] Ibid; [6] Ibid.

Department of Commerce • United States of America
International Trade Administration