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U.S. DEPARTMENT of STATE

Fact Sheet

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Foreign Direct Investment in the United States

In 2004, total accumulated foreign direct investment (FDI) in the United States was \$1.5 trillion on a historical cost basis, or some \$2.7 trillion at today's market value. This represents approximately 10% of the total current market value of all publicly traded firms. Total outlays to acquire or establish U.S. businesses were \$96 billion in 2004 alone. This includes both funding from foreign parents or from existing U.S. affiliates.

The following data breaks down total 2004 FDI holdings by economic sector, geographic region and specific country of origin.

Sectoral Facts

- About a third of FDI in the U.S. is held in the manufacturing sector.
- Some 14% of FDI is invested in the financial services sector.
- Asian and Pacific FDI holdings in the U.S. manufacturing sector amounted to 12.3% in 2004.

Geographic Facts

- European firms account for 70% of direct investment in the U.S. The UK is the largest single foreign investor in the U.S., with some \$252 billion invested (16% of the total stock of foreign direct investment in the U.S.)
- Asia and the Pacific firms had the next highest level of investment in the U.S., at approximately \$219 billion (14% of U.S. investment).
- Japanese investors account for 12% of foreign direct investment in the U.S., and rank second to the UK. The Netherlands, followed closely by Germany and then France, hold the next biggest positions.
- Direct investment from Latin American investors totals some \$86 billion; while large absolutely, this is 5.6% of total foreign investment in the U.S.
- Investment in the U.S. from Africa and the Middle East is less than \$10 billion, only 0.6% of the total foreign investment in the U.S.

Specific Countries

- Six European countries -- France, Germany, Luxembourg (a financial center), the Netherlands, Switzerland and the UK -- each hold U.S. investments worth over \$100 billion dollars.
- The UK's \$252 billion investment represents almost a fourth of total European investment in the

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United States.

- Japan accounts for 80% of investment from the Asia-Pacific region, reaching around \$177 billion.
- Chinese direct investment in the U.S. is minimal, and does not register on the Department of Commerce data release. That should change with the 2005 Lenovo acquisition of IBM's Personal Computing Division. Hong Kong investment in the U.S. totals \$1.8 billion.
- Taiwan investment in the U.S. was about \$3.2 billion in 2004.
- Israel is the largest investor from the Middle East, with some \$4.1 billion in investments. Kuwait follows with \$1.2 billion.
- FDI from South America in the U.S. was greatest from Panama, with \$11 billion in U.S. investments, probably because Panama is a financial hub.
- Mexico is the second largest Latin American investor, with some \$7.9 billion invested. Venezuela is third, with \$5.5 billion. Brazil accounts for some \$1.3 billion.

Source: Bureau of Economic Analysis (BEA), Department of Commerce. Unless otherwise stated, all figures are on a historical cost basis as of 2004. New BEA 2005 break-out figures should be available during the latter half of CY-2006.

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