Foreign Direct Investment in the United States, Preliminary 2019

Global Business Alliance
Investing in America

March 19, 2020
FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

Foreign Direct Investment in the United States, 2016-2019

- Foreign direct investment in the United States (FDIUS) totaled $68.7 billion in the fourth-quarter of 2019. While this is more than double the FDIUS flows of $32 billion in the previous quarter, it was not a particularly strong quarter relative to the past few years.
- Net equity flows increased more than threefold to $48 billion in fourth-quarter 2019, compared to inward investment from the third quarter.
- Reinvestment of earnings totaled $29 billion in the fourth quarter 2019, down just eight percent from the previous quarter.
- Foreign direct investment in the United States amounted to $261 billion in 2019, making it the fifth-strongest year for FDIUS over the past decade. However, it was dwarfed by two record-breaking years of FDIUS recorded in 2015 and 2016, at $482 billion and $486 billion, respectively.
- Quarterly FDIUS flows are subject to large revisions and can fluctuate greatly from quarter-to-quarter. While the United States remains an attractive investment location, global competition for foreign investment dollars is increasing as developing countries position themselves as investment destinations.

Quarterly Foreign Direct Investment in the United States
2016 - 2019p

Source: U.S. Bureau of Economic Analysis, International Transactions Account data; seasonally adjusted; p-preliminary

2 Foreign direct investment in the United States measures equity capital flows, reinvestment of earnings, and related-party debt instruments.
Analysis & Context

Fourth quarter 2019 foreign direct investment flows in the United States totaled $69 billion, more than double the flow in third-quarter 2019. Equity flows surged some 230 percent from the previous quarter to $48 billion. Reinvestment of earnings declined by eight percent during that same period.

Foreign direct investment in the United States in 2019 was down just three percent from 2018 and ranked as the fifth-strongest year in the past decade by this measure.

Globally, inward FDI was flat, decreasing just one percent from $1.41 trillion in 2018 to $1.39 trillion in 2019, according to the United Nations Conference on Trade and Development (UNCTAD).

The United States maintained its number one position in the world as a destination for FDI in 2019. UNCTAD projected an increase in 2020 of global FDI with its latest release on January 20, 2020, notably prior to the COVID-19 pandemic, which is having a negative impact on business operations worldwide.

Looking at foreign direct investment more broadly, international companies invest in the United States for many reasons. A list of positive factors include the large U.S. market, world-class research universities, a stable regulatory regime, and a solid infrastructure that allows businesses to easily access the U.S. market. For certain international investors, the United States has become an important global export platform. Good domestic energy resources and low energy prices also draw international investors to the United States.
These investments benefit the American economy as international firms build new factories across the United States, buoy their well-established U.S. operations, fund American research and development activities, and employ 7.4 million Americans in well-paying jobs.

Whether the United States will retain its status as the world’s most attractive investment location hinges on macroeconomic policy decisions, both in the United States and abroad.

About the Global Business Alliance

After three decades of accomplishments as the Organization for International Investment (OFII), we are excited to become the Global Business Alliance. As the premier voice of international companies in the United States, this straightforward, easily understood name better describes the powerful coalition of diverse members we represent. Our members are American companies with global heritage and an indispensable part of our nation’s economic success. Our mission is to actively promote and defend an open economy that welcomes international companies to invest in America.

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