
Foreign
Direct
Investment in
the United
States,
Preliminary
1st Quarter
2022

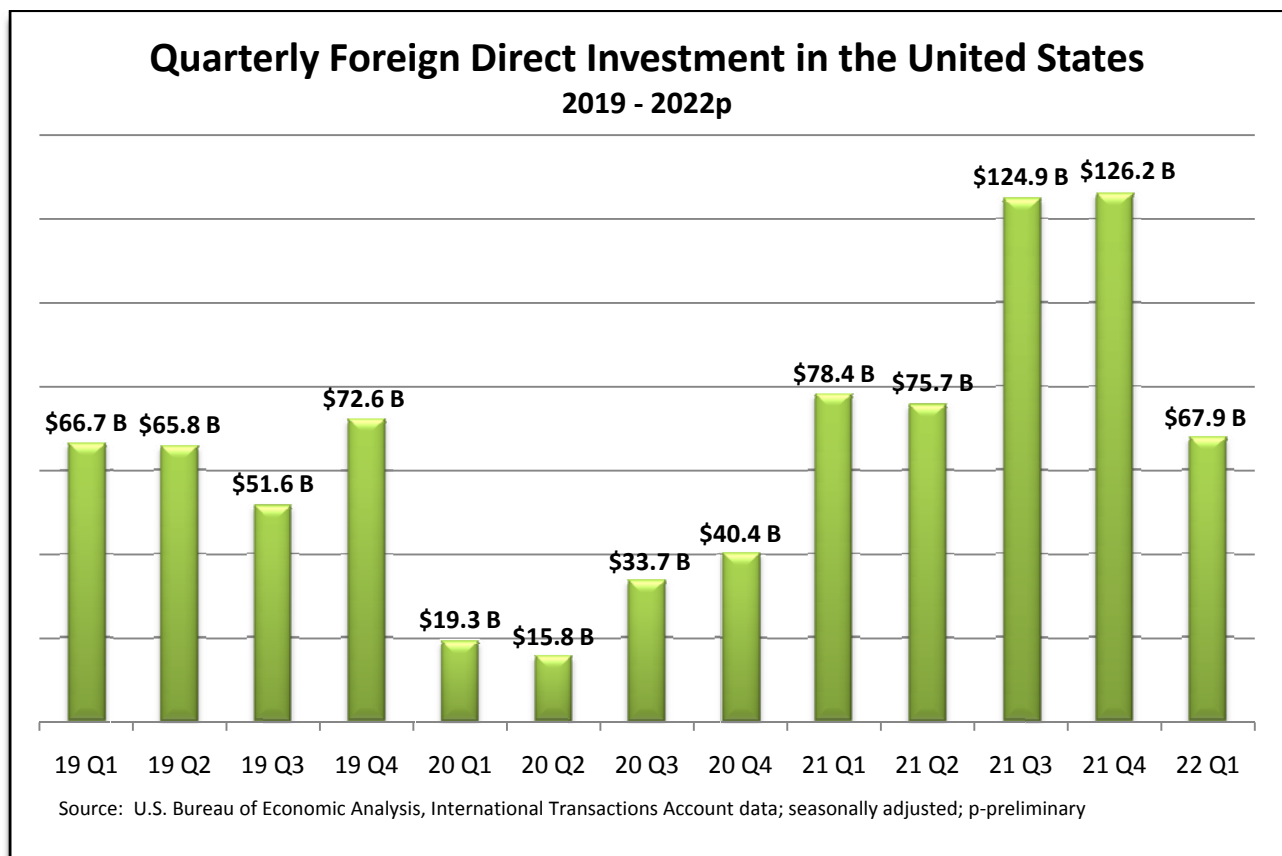
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FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

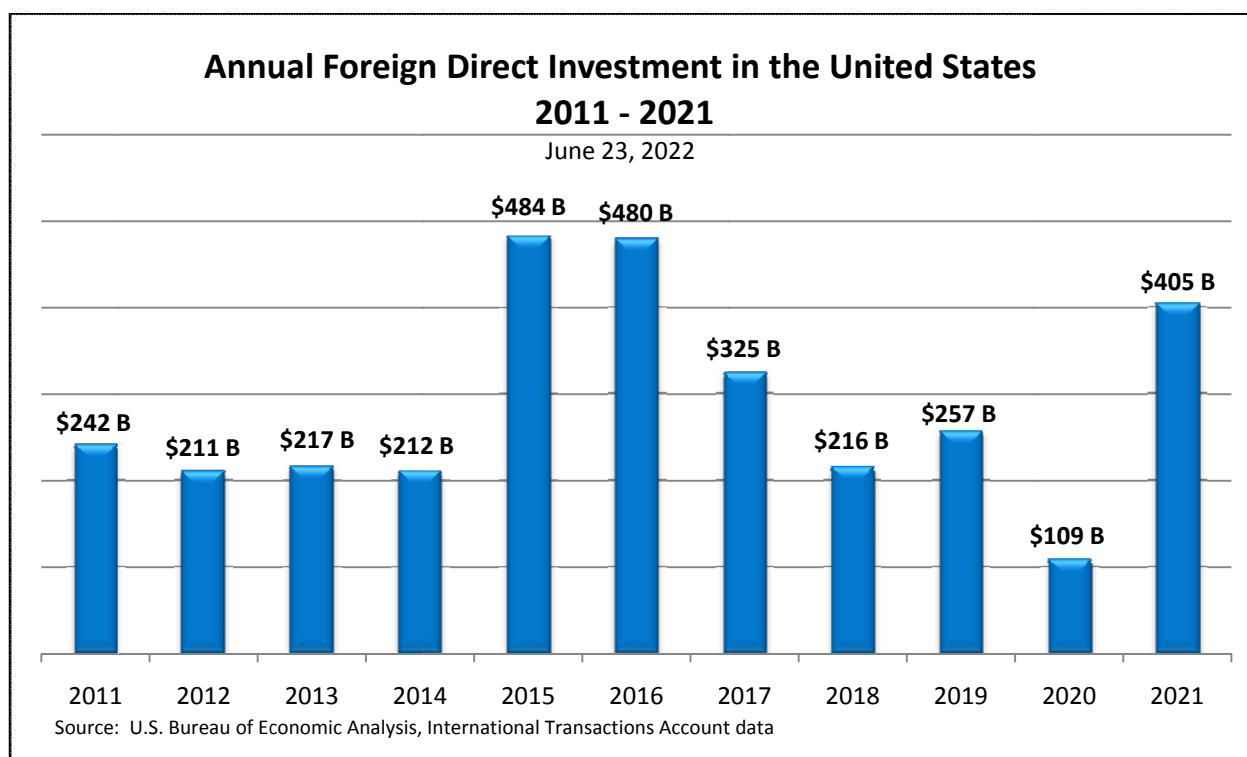
Foreign Direct Investment in the United States, 2019-2022¹

- Foreign direct investment in the United States (FDIUS)² totaled \$68 billion in the first-quarter 2022.
- Net equity flows were down by nearly 80 percent to \$10 billion in first-quarter 2022 from the previous quarter.
- Reinvestment of earnings, at \$57 billion, accounted for 85 percent of FDIUS flows this past quarter.
- Foreign direct investment in the United States in 2021 was \$405 billion, making it the third-strongest year for FDIUS over the past decade. Two record-breaking years of FDIUS were recorded in 2015 and 2016, at \$484 billion and \$480 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 more developing countries position themselves as investment destinations.



¹ The U.S. Bureau of Economic Analysis released preliminary 1st quarter 2022 foreign direct investment statistics on June 23, 2022.

² Foreign direct investment in the United States measures equity capital flows, reinvestment of earnings, and debt instruments between U.S. affiliates and their parents abroad.



Analysis & Context

First-quarter 2022 foreign direct investment flows in the United States totaled \$68 billion, down by nearly 50 percent from fourth-quarter 2021. Reinvested earnings made up the largest portion of FDIUS at \$57 billion, or some 85 percent of total FDIUS.

Foreign direct investment in the United States was \$405 billion in 2021, solidly rebounding from 2020, the weakest year for FDIUS over the past decade. In fact, FDIUS nearly quadrupled between 2020 and 2021.

Globally, inward FDI also bounced back 64 percent to \$1.6 trillion in 2021 from 2020, according to the United Nations Conference on Trade and Development (UNCTAD) in its latest *World Investment Report*. UNCTAD reported that last year's level exceeds pre-pandemic levels and was concentrated mostly in developed economies, like the United States.

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 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 7.9 million Americans in well-paying jobs.

UNCTAD further reported that the United States remained the number one FDI location in 2021. 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. But for the tenth year in a row, A.T. Kearney ranked the United States as number one in its recently released *2022 Foreign Direct Investment Confidence Index*.