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Foreign  
Direct  
Investment in  
the United  
States,  
*Preliminary  
4th Quarter  
& Full-Year  
2023*

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Global Business  
Alliance

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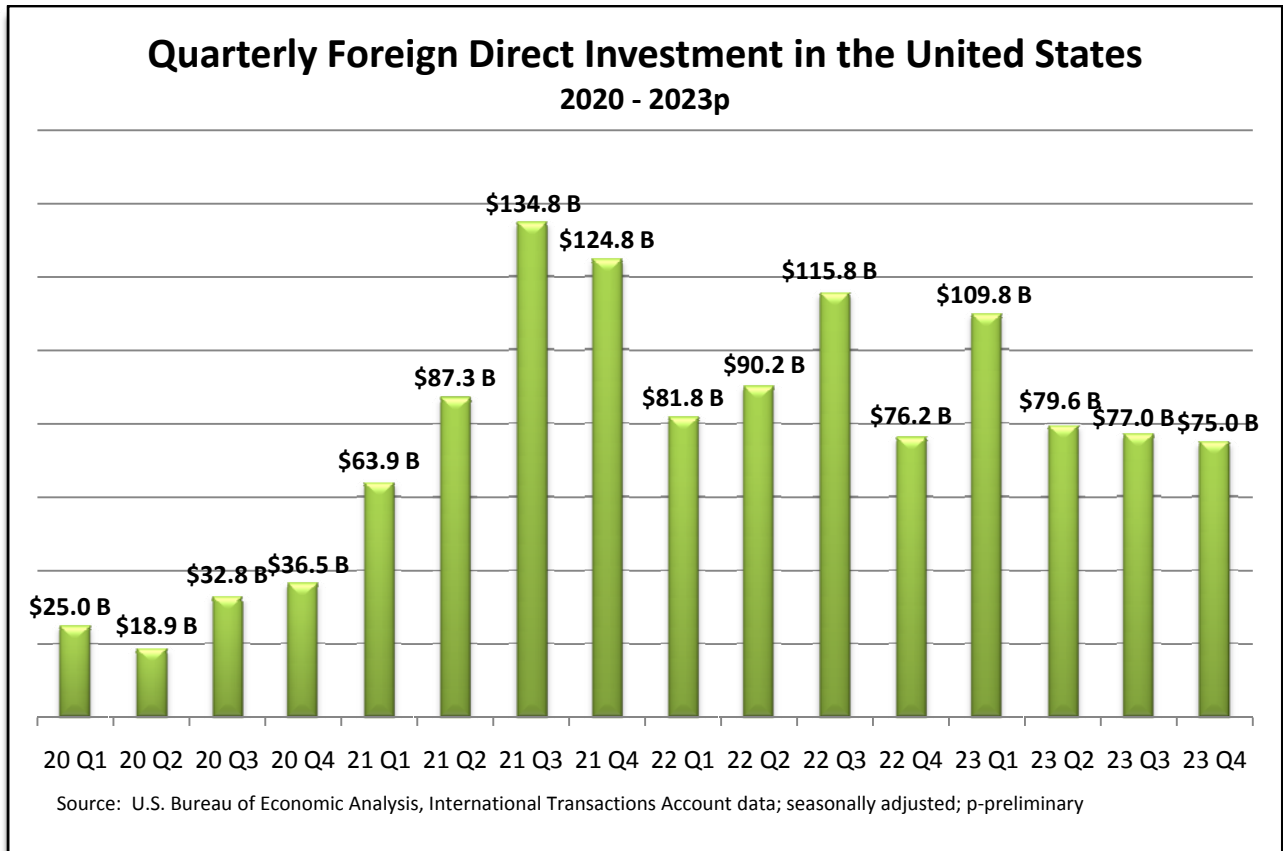
March 21, 2024

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## FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

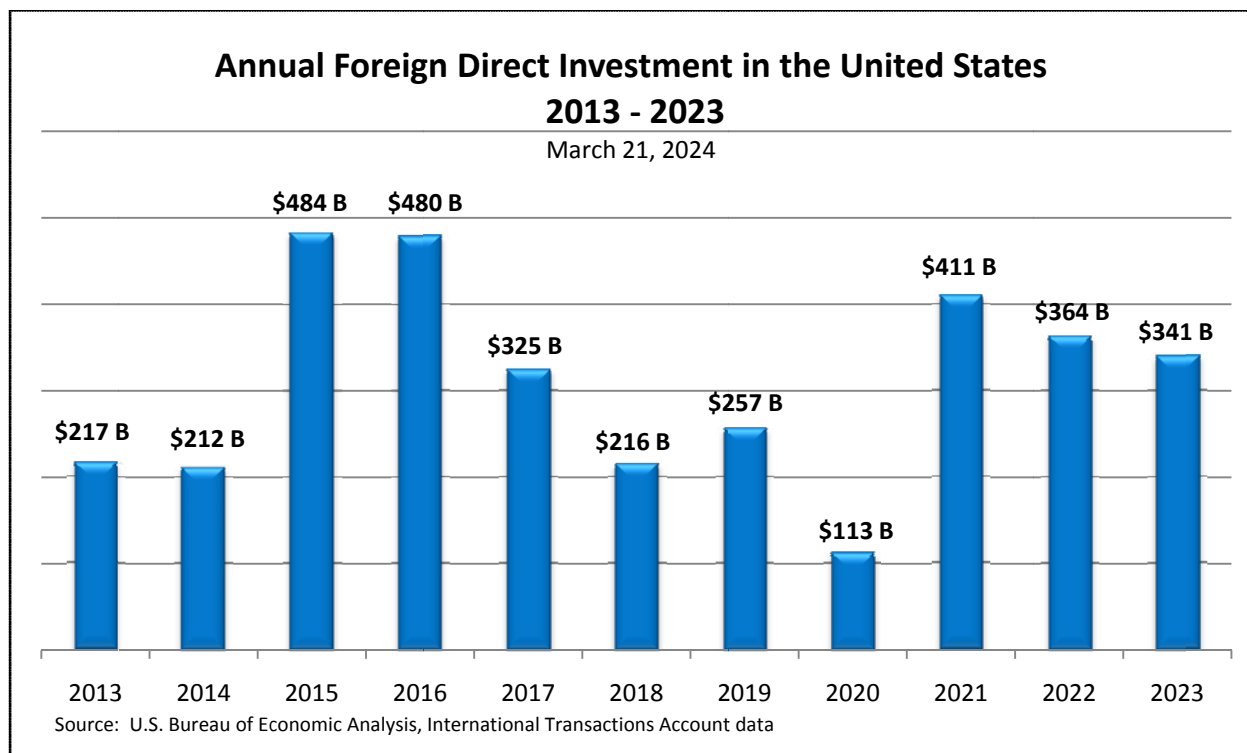
### Foreign Direct Investment in the United States, 2020-2023<sup>1</sup>

- Foreign direct investment in the United States (FDIUS)<sup>2</sup> totaled \$75 billion in the fourth-quarter 2023, nearly as much as in the third-quarter.
- Net equity flows registered \$25 billion of the fourth-quarter 2023, composing one-third of FDIUS.
- Reinvestment of earnings was \$50 billion last quarter or two-thirds of all FDIUS.
- Foreign direct investment in the United States in 2023 totaled \$341 billion, making it the fifth-strongest year for FDIUS over the past decade. FDIUS reached record highs 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.
- Despite increased global competition for foreign investment dollars as more countries position themselves as open and attractive investment destinations, the United States remains a prime investment market attracting capital and businesses to the United States that create new jobs across the American economy, bolster American innovation, and enhance American's global competitiveness.



<sup>1</sup> The U.S. Bureau of Economic Analysis released preliminary 4th quarter 2023 foreign direct investment statistics on March 21, 2024.

<sup>2</sup> 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

Fourth-quarter 2023 foreign direct investment flows in the United States totaled \$75 billion, largely unchanged from third-quarter 2023. Reinvested earnings made up the largest portion of FDIUS at \$50 billion, or 66 percent of total FDIUS. FDIUS flows for 2023 totaled \$341 billion, while down slightly from 2022, they were stronger than the average year over the past decade.

Canadian companies led in FDIUS last year with \$72 billion, followed by companies from Germany and Japan.

At \$128 billion, manufacturing was the largest industry benefitting from FDIUS last year. At the same time, wholesale trade and finance and insurance were the second- and third-largest domestic recipient industries of foreign direct investment.

Globally, inward FDI flows grew just 3 percent between 2022 and 2023 to \$1.37 trillion, according to the United Nations Conference on Trade and Development (UNCTAD). UNCTAD attributed much of the small increase to large increases in FDI flows to a few European countries. UNCTAD further stated that an increase in worldwide FDI flows were possible in 2024, but cautioned that significant geopolitical risks exist that could thwart global investment.

Looking at foreign direct investment more broadly, international companies invest in the United States for many reasons. A list of positive factors includes 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.

The United States was the world's top destination for FDI in 2023; and cumulatively, the United States remains the world's prime location for international investment. 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.