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Foreign  
Direct  
Investment in  
the United  
States,  
*Preliminary*  
*1st Quarter*  
*2024*

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Global Business  
Alliance

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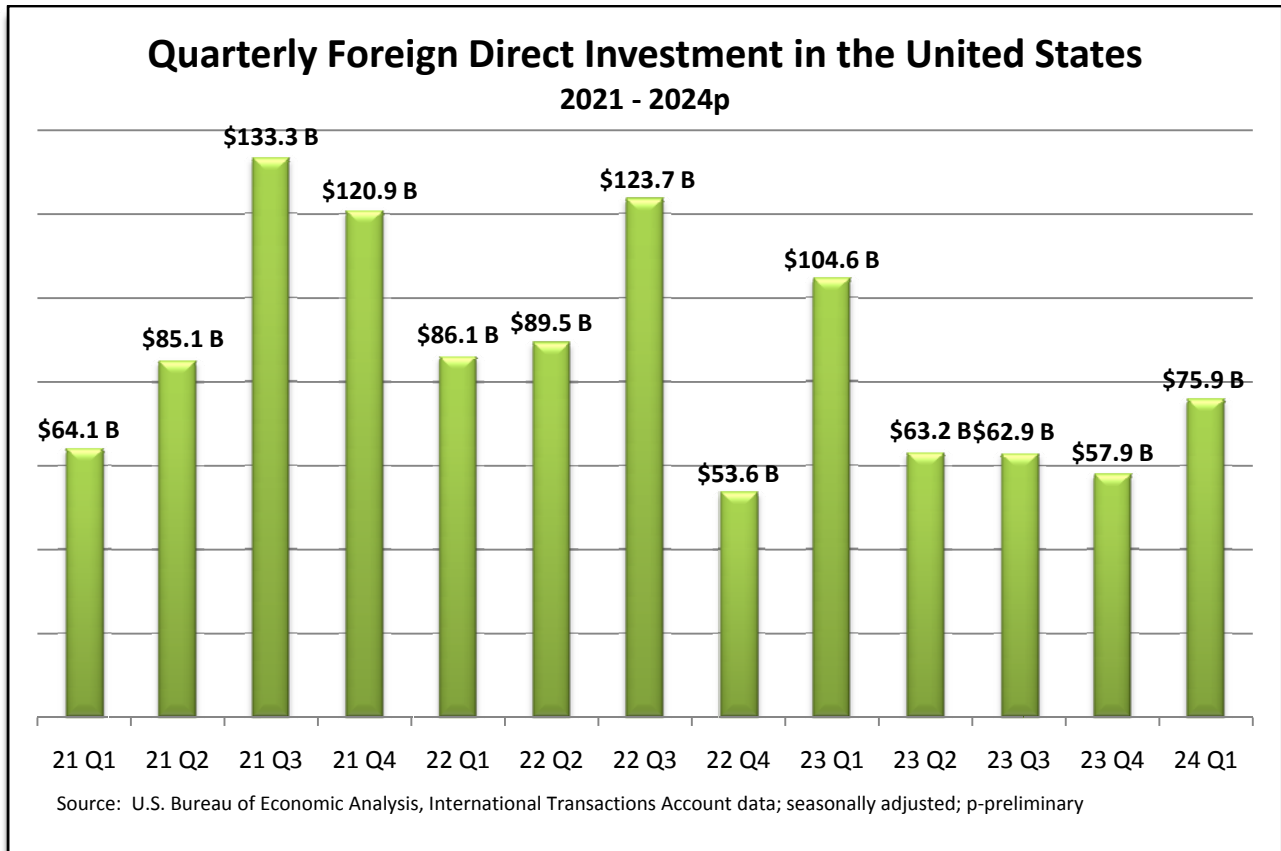
June 20, 2024

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## FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

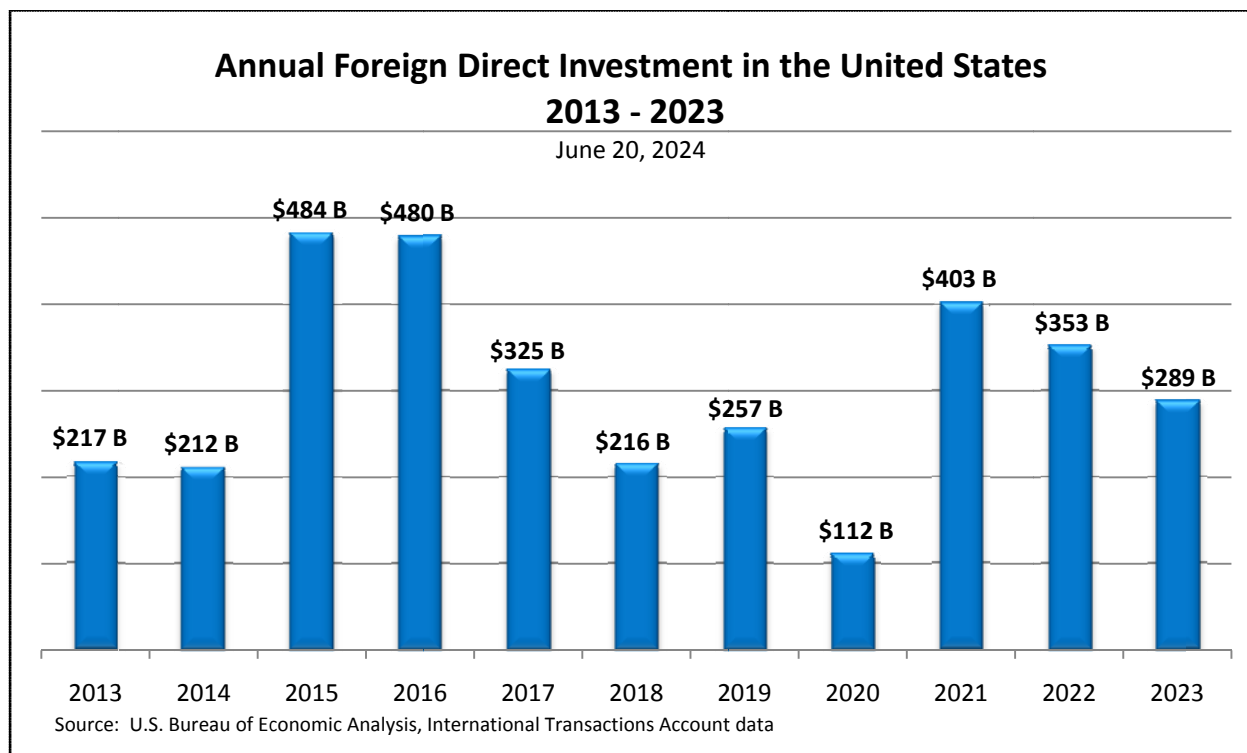
### Foreign Direct Investment in the United States, 2021-2024<sup>1</sup>

- Foreign direct investment in the United States (FDIUS)<sup>2</sup> totaled \$76 billion in the first-quarter 2024, a 31 percent increase over fourth-quarter 2023.
- Net equity flows registered \$15 billion in the first-quarter 2024, composing 20 percent of FDIUS.
- Reinvestment of earnings stood at \$51 billion last quarter or two-thirds of FDIUS.
- Foreign direct investment in the United States in 2023 totaled \$289 billion, making it the sixth-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 1st quarter 2024 foreign direct investment statistics on June 20, 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

First-quarter 2024 foreign direct investment flows in the United States totaled \$76 billion, jumping more than 30 percent from fourth-quarter 2023. Reinvested earnings made up the largest portion of FDIUS at \$51 billion, or 67 percent of total FDIUS. Initial estimates of FDIUS flows in 2023 were revised downward to \$289 billion, dropping nearly 20 percent from 2022.

Canadian companies led in FDIUS last year with \$69 billion, followed by companies from Germany and Japan.

At \$117 billion, manufacturing was the largest industry benefitting from FDIUS last year. At the same time, wholesale trade and real estate and rental and leasing were the second- and third-largest domestic recipient industries of foreign direct investment.

Globally, inward FDI flows fell 2 percent between 2022 and 2023 to \$1.3 trillion, according to the United Nations Conference on Trade and Development (UNCTAD). UNCTAD attributed the decline to an economic slowdown and rising geopolitical tensions. UNCTAD stated that a modest increase in worldwide FDI flows were possible in 2024, despite continued challenges 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, accounting for almost a quarter of the global total. Also, the United States remains the world's prime location for international investment on a cumulative basis. 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 12th consecutive year, A.T. Kearney ranked the United States as number one in its recently released *2024 Foreign Direct Investment Confidence Index*. Further, A.T. Kearney said that investor optimism is high, stating that, "88 percent (of multinational companies surveyed) said they were planning to increase their FDI in the next three years."