

Inbound Investment Survey

Key Takeaways

- International companies operating in the U.S. are bullish about investing in the U.S. – but warning signs are flashing.
- Over half of respondents agree that the United States needs more Free Trade Agreements (FTA) with friends and allies to encourage future investment in the U.S.
- These major employers remain positive regarding employment over the next six months, with 60 percent expecting it to “stay the same” and 29 percent thinking it will “increase.”
- There is concern about how a “new corporate tax rate of 28 percent” and “politicized cross-border investment reviews” will impact their businesses.

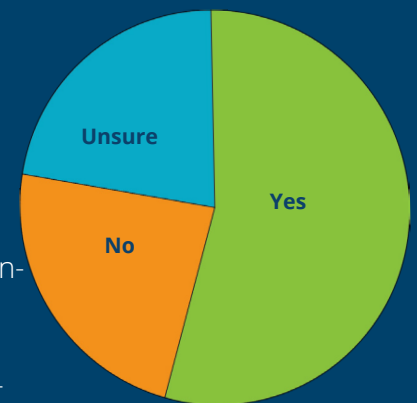
America Needs More Free Trade Agreements With Friends and Allies

Would passage of a Free Trade Agreement with the country where your company is headquartered have an impact on future investments in the U.S.?

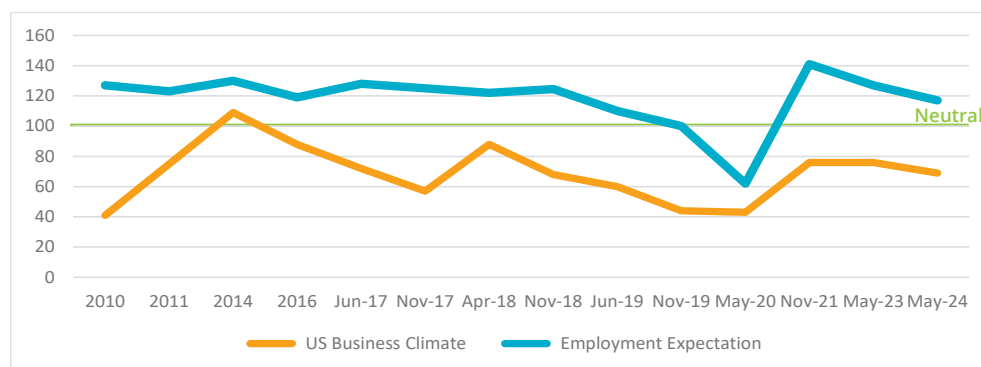
Over half of GBA members believe that a Free Trade Agreement (FTA) with their headquartered country would have a beneficial impact on their future investments in the U.S. These findings occur against a backdrop where other countries have more FTAs than the U.S., potentially granting them greater trade opportunities.

Seventy-five percent of the \$5.25 trillion in cumulative foreign direct investment in the U.S. comes from companies globally headquartered in eight countries: Japan, Canada, United Kingdom, Germany, France, Ireland, Switzerland, and the Netherlands, all long-time friends and allies of the U.S.

It is regrettable that the U.S. has an FTA with only one of these strategic partners. Apart from Canada, none of these key trading partners has an FTA with the U.S.



International Companies' Employment Expectations Remain Positive Concerns Over U.S. Business Climate Continue

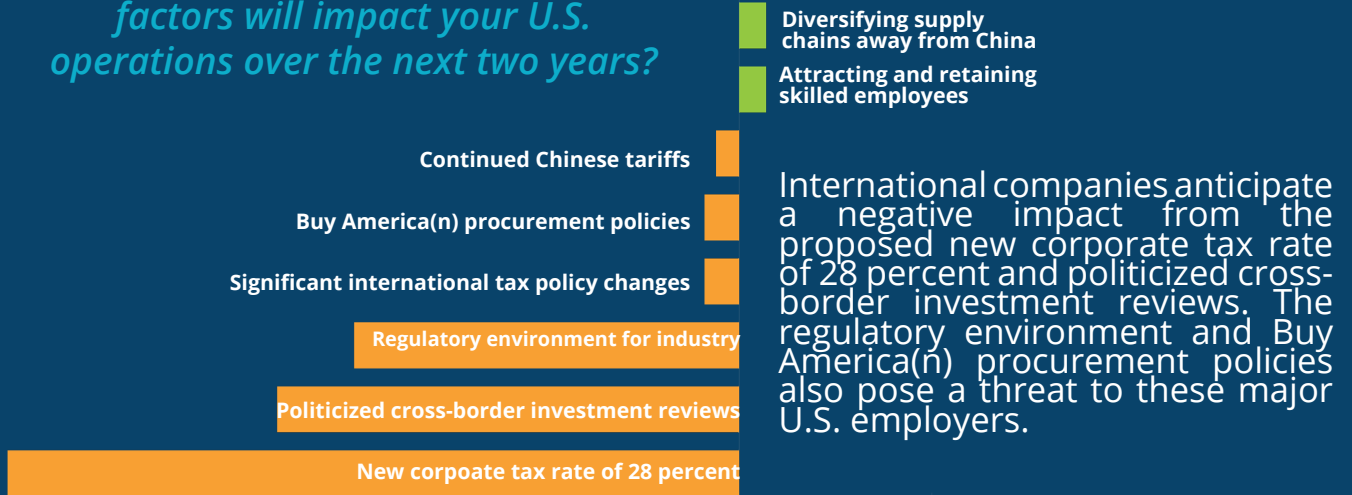


Note: These are diffusion indices. Numbers greater than 100 indicate expansion/optimism; numbers less than 100 indicate contraction/pessimism.

The GBA U.S. Business Climate Index™ decreased to 69 points in the latest Inbound Investment Survey. Despite these reservations, their expectations regarding employment over the next six months remain generally positive, with 29 percent of respondents expecting to create jobs over that time. Today, 36 percent of GBA members believe the U.S. business climate for international companies is “getting worse” when compared to six months ago. Only five percent believe it is “getting better.”

Corporate Tax Rate, Politicized Cross-Border Deals Top List of Concerns

How do you think the following factors will impact your U.S. operations over the next two years?



The World is Watching What Happens with the Nippon Steel and U.S. Steel Deal

How Will the Recent Politicization of the Nippon-U.S. Steel Deal be a Consideration in Your Own Company's Decisions Regarding Future Investments in the U.S.?

"As a Japanese headquartered company, the Nippon Steel situation has had a major chilling effect in the United States."

"Much of our expansion in the US has been through acquisitions. This may put a damper on further expansion within the US."

"While this is largely for domestic politics in an election year, it truly is just one more step toward an ever-increasing protectionist policy stance."

"As a tech company headquartered in a close US ally, we are certainly concerned that an investment in a 19th-century technology would be unwelcome. Especially because that business in the US is floundering."

The GBA Inbound Investment Survey was distributed to senior executives of approximately 200 U.S. subsidiaries of foreign companies in April 2024. Surveys were due by May 3. GBA received 85 complete responses and the results presented, are based only on these responses, unless otherwise noted. Visit globalbusiness.org/Survey for complete details.