
Foreign
Direct
Investment
in the
United
States,
Preliminary
3rd Quarter
2024

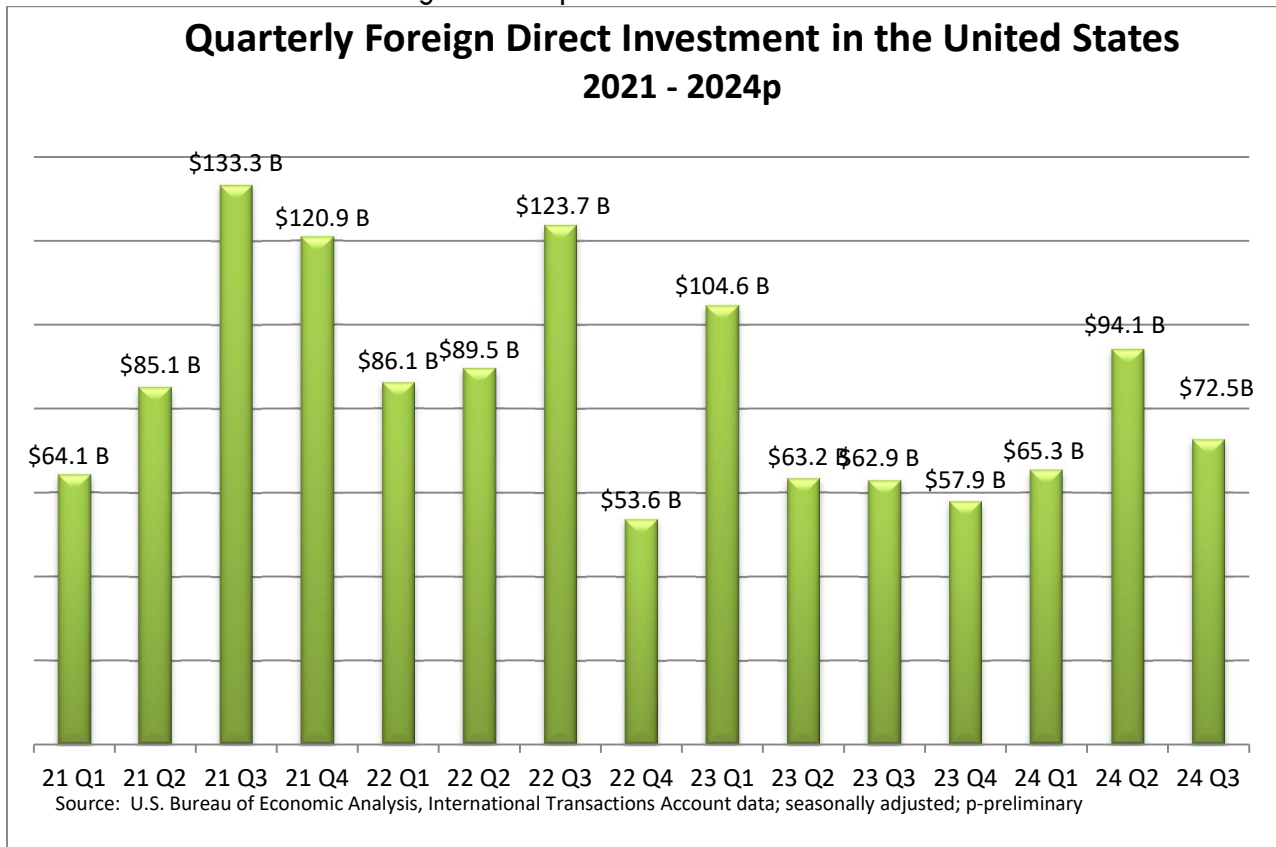
Global Business
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FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

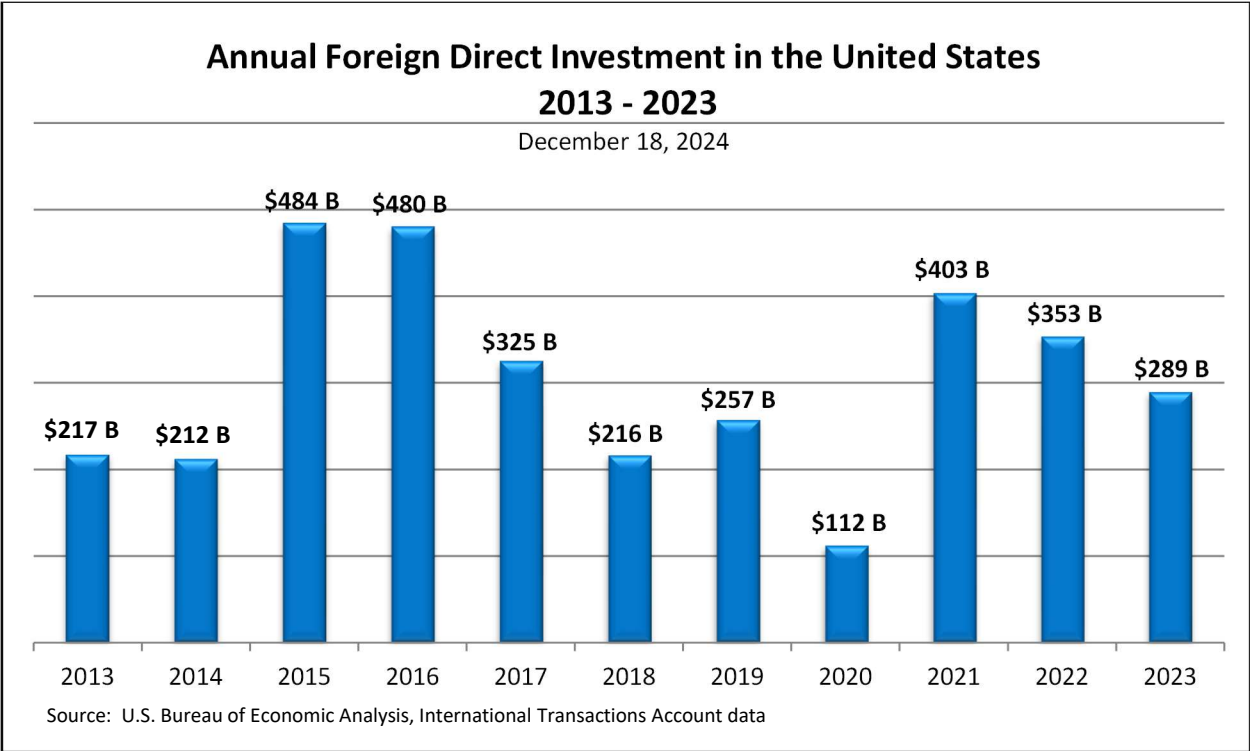
Foreign Direct Investment in the United States, 2021-2024¹

- Foreign direct investment in the United States (FDIUS)² totaled \$72.5 billion in the third-quarter of 2024, down 23 percent over the second-quarter of 2024.
- Net equity flows registered \$14 billion in third-quarter 2024, composing 20 percent of FDIUS.
- Reinvestment of earnings stood at \$58 billion in the third quarter of 2024, accounting for 80 percent 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.



¹ The U.S. Bureau of Economic Analysis released preliminary 3rd quarter 2024 foreign direct investment statistics on December 18, 2024.

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

Third-quarter 2024 foreign direct investment flows in the United States totaled \$72.5 billion, dropping more than 20 percent from second-quarter 2024. For the first three quarters of 2024, FDIUS flows were flat over the same period in 2023. Reinvested earnings during the same period made up the largest portion of FDIUS at \$58 billion, or 80 percent of total FDIUS.

During the first nine months of 2024, the United Kingdom, Japan, Canada, the Netherlands, and Germany led in FDIUS flows.

In the first nine months of 2024, manufacturing led in FDIUS at \$101 billion, followed by wholesale trade and finance at \$42 billion and \$19 billion, respectively. Transportation equipment was the largest manufacturing segment by FDIUS at \$25 billion.

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.

In its most recent *Investment Trends Monitor*, UNCTAD reported global FDI flows were up just one percent for the first half of 2024. The report showed a drop of 11 percent in worldwide

greenfield deals for the first six months. However, greenfield projects increased in the United States, Canada, and Japan.

The top three global greenfield announcements during this timeframe were semiconductor projects targeting the United States, valued at \$60 billion. Taiwan Semiconductor Manufacturing and Samsung were among the companies that announced plans to build new chip factories in the United States. The aim, said UNCTAD, is to promote production in the United States in response to “industrial policies and concerns about supply chain bottlenecks.”

UNCTAD further detailed a \$10 billion international project finance deal for infrastructure development. This deal involves the construction of wind and solar power plants located in the United States and Europe by Canadian-based Brookfield Renewable Partners and U.S.-based Microsoft.

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 8.4 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.