

# UNDERSTANDING THE LATEST FDI NUMBERS

SelectUSA

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#### Overview

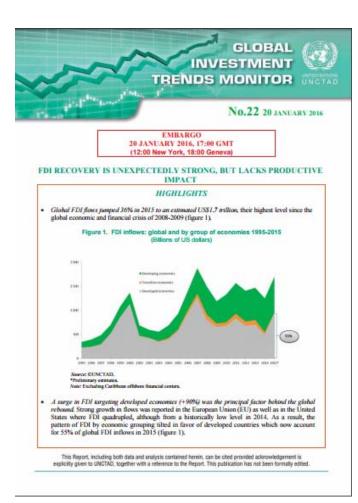


- UNCTAD's Latest Global Investment Trends Monitor Highlights
- ITA Jobs Attributable to FDI Research Findings
- BEA New FDI Data on Greenfield Investment and Acquisitions

#### **UNCTAD Global Investment Trends Monitor**



- Latest United Nations Report on Global Investment released January 2016
- See latest available report here: http://unctad.org/en/pages/publications/ Global-Investment-Trends-Monitor-(Series).aspx
- Next Report Expected mid-April 2016
- Other UN Division on Investment and Enterprise (DIAE) Products include:
  - World Investment Report (Annual)
  - **Bilateral FDI Statistics**

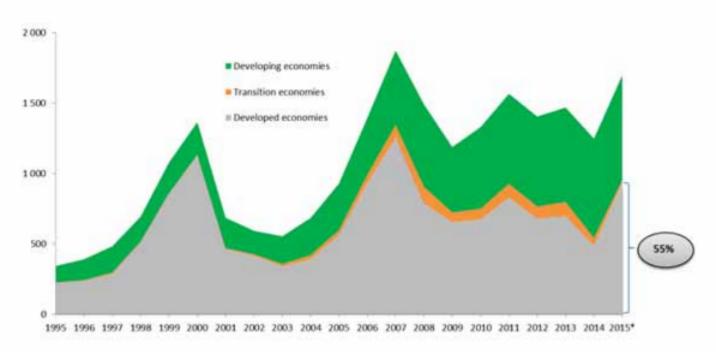


#### **UNCTAD Highlights - Global**



Global FDI flows jumped 36% in 2015 to an estimated US\$1.7 trillion, their highest level since the global economic and financial crisis of 2008-2009 (figure 1).

Figure 1. FDI inflows: global and by group of economies 1995-2015 (Billions of US dollars)



Source: @UNCTAD. \*Preliminary estimates.

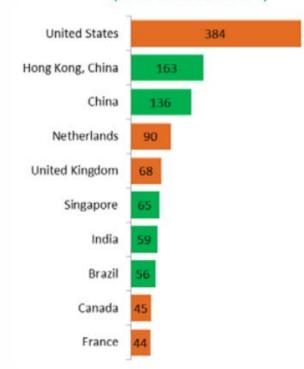
Note: Excluding Caribbean offshore financial centers.

#### **UNCTAD Highlights – U.S.**



- Preliminary UNCTAD
   estimates for 2015 FDI
   inflows show the United
   States is the top
   destination for
   investment in the world.
- Although not included in this report, the United States also remains home to the largest amount by far — of FDI stock.

Figure 2. Estimated FDI inflows: top 10 host economies, 2015 (Billions of US dollars)



Source: ©UNCTAD.

Note: FDI estimations in this Trends Monitor are based primarily on quarterly FDI data derived from the (extended) directional principle, though there are some countries for which the asset/liability data are used for estimation.

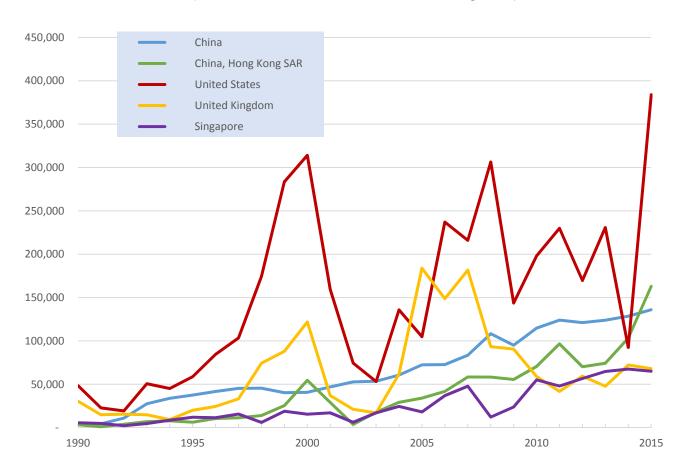
#### **UNCTAD - Top FDI Flow Destinations**



#### Top 5 Est. FDI Annual Flow Destinations

(in millions USD in current dollars at current exchange rates)

- Over the past 10 years, the United States has been the number one recipient of global FDI nine times.
- This shows that during the past decade, investors have remained confident in the quality of the investment environment and opportunities in the United States



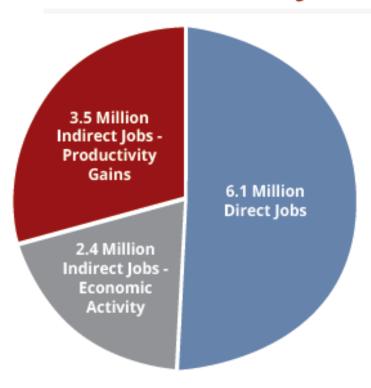
Source: UNCTADstat and UN Global Investment Monitor http://unctad.org/en/PublicationsLibrary/webdiaeia2016d1 en.pdf

#### **U.S. Jobs Attributable to FDI Study**



ITA study released February 2016 quantifies the employment impact of foreign direct investment (FDI) in the United States

#### 12 Million U.S. Jobs Attributable to FDI



- 6.1 Million reflects the number of U.S. workers who are directly employed by majority foreign-owned firms
- **2.4 Million** includes jobs attributable to the economic activity of majority foreignowned firms, including jobs in those firms' supply chains, jobs attributable to higher incomes, and other economic effects
- 3.5 Million includes jobs attributable to productivity gains in the manufacturing sector

Based on Richards and Schaefer's Jobs Attributable to Foreign Direct Investment in the United States: http://www.trade.gov/mas/ian/employment/

#### **U.S. Jobs Attributable to FDI – Findings**



#### **Highlighted Findings**

- In 2013, an estimated 12 million jobs, or 8.5 percent of the entire U.S. labor force, were attributed to FDI
- For each job directly attributable to FDI, there is at least 1 job indirectly attributable to FDI

#### To learn more:

- Read the Report
- Download the <u>Infographic & FAQs</u> or <u>ITA Blog</u>

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# New FDI Data on Greenfield Investment and Acquisitions

**Amanda Budny** 

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March 23, 2016



### BEA's Direct Investment Data

- BEA collects data from U.S. companies involved in DI relationships
  - Foreign direct investment in the United States (FDIUS)
  - U.S. direct investment abroad
- To be DI, 10 percent voting interest in a business enterprise is held by a single entity
- Investor (parent) has influence over management of the business (affiliate)



### BEA's FDI Statistics

- FDI transactions and positions
  - National and international accounts
  - Financing of U.S. affiliates by foreign parents
- Activities of multinational enterprises
  - Measures of U.S. affiliate operations
  - Employment, sales, R&D activity, trade, value added



### New FDI Statistics from BEA

- Statistics on new foreign direct investment (FDI) in the United States
  - Foreign investors' expenditures to acquire, establish, or expand U.S. businesses
  - "Greenfield" investment includes expansions and establishments
- Detail currently available
  - First year expenditures and total planned expenditures
  - Type of transaction (acquisition, establishment, expansion)
  - Country, industry, state

# Relationship Between FDI Data from BEA

- New data relate to FDI financial transactions with some key differences
  - New data focus on new investments; FDI flows include other transactions between parents and affiliates
  - New data include cost of investment whether funding is from foreign parent or existing affiliate
- New data include some activities data
- Updates sample frame for other surveys



## Uses of the Statistics

- Impact on U.S. economy
- Investment promotion
- Business decisions
- Policymaking

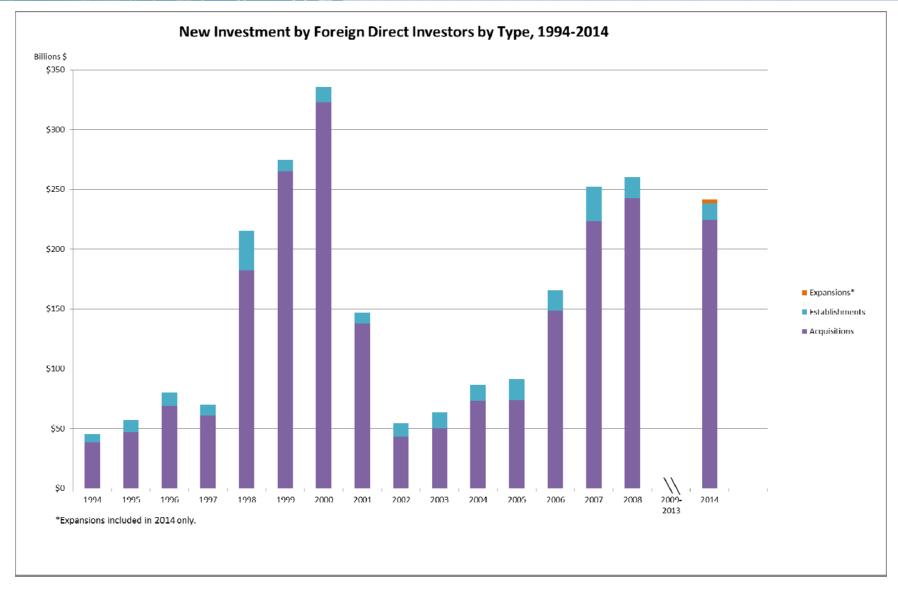


## 2014 Data Overview

- First year expenditures are \$241 billion
- Total planned expenditures are \$264 billion
- Greenfield Investment
  - \$16.3 billion first year expenditures
  - \$39.1 billion total planned expenditures

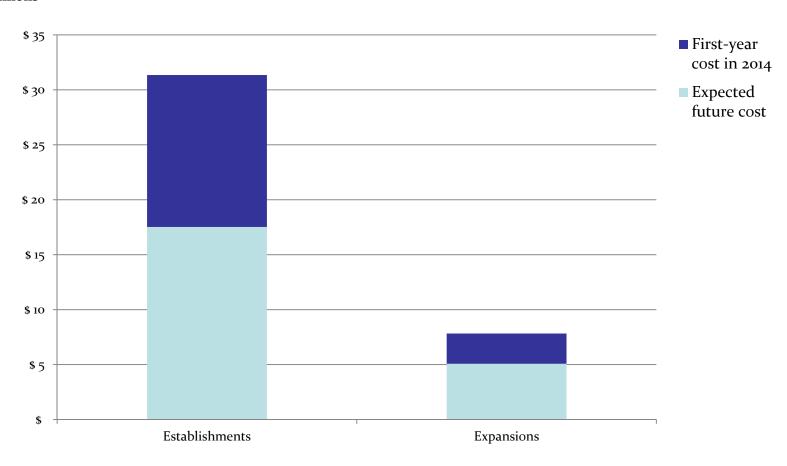






# Greenfield Investment Initiated in 2014

#### **Billions**

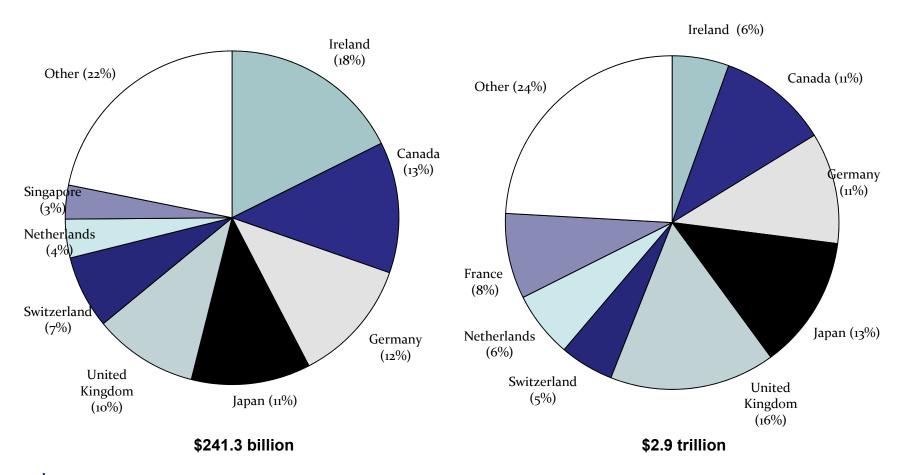




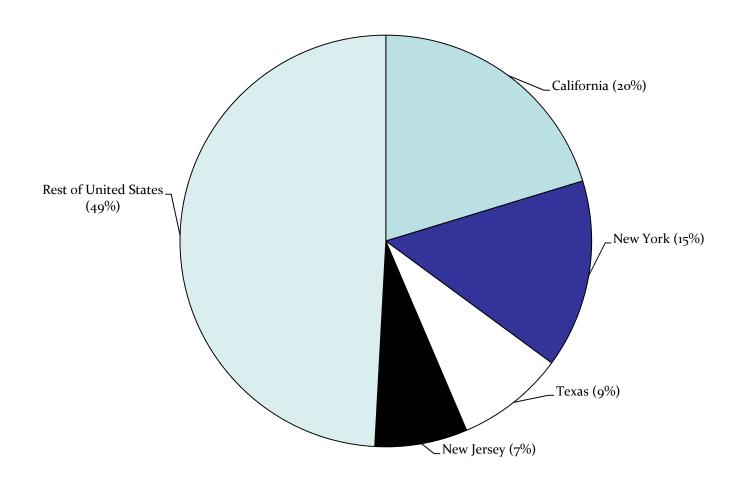
## Country of Ultimate Beneficial Owner

#### 2014 First Year Investment

#### 2014 FDIUS Position

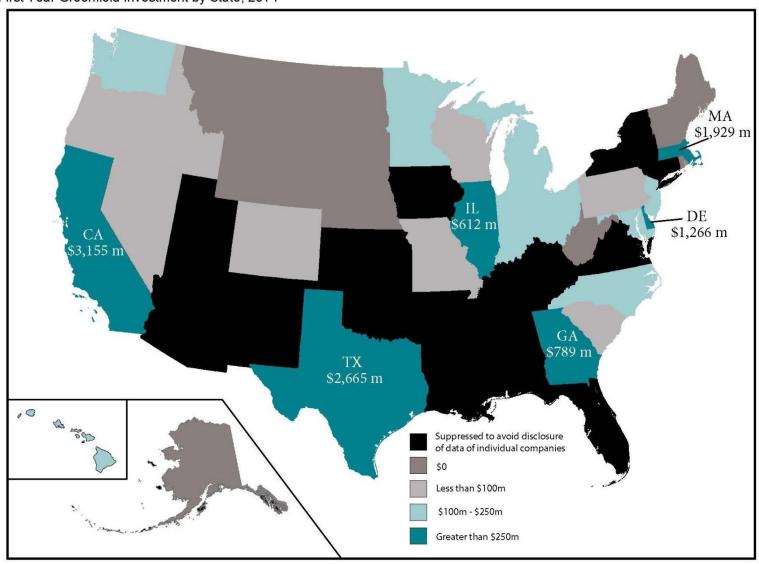


# First Year Investment in 2014 - Top States



# First Year Greenfield Investment in 2014

First Year Greenfield Investment by State, 2014





# Challenges of Producing Statistics

- Identifying new investments
- Holding companies
- Defining expansions



## Other Data from the New Survey

- Data on activities
- Industry of foreign owner
- Type of expenditures
- To be released in summer of 2016 with revised 2014 investment data and preliminary 2015 statistics



## Upcoming Direct Investment Data

- FDI transactions and positions
  - June 2016
  - Data available
    - 1st quarter 2016 transactions and positions
    - 2015 annual position
- Activities of multinational enterprises
  - Mid-August 2016
  - New state level data

#### BEA BUREAU OF ECONOMIC ANALYSIS

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