
Foreign
Direct
Investment in
the United
States,
Preliminary
1st Quarter
2018

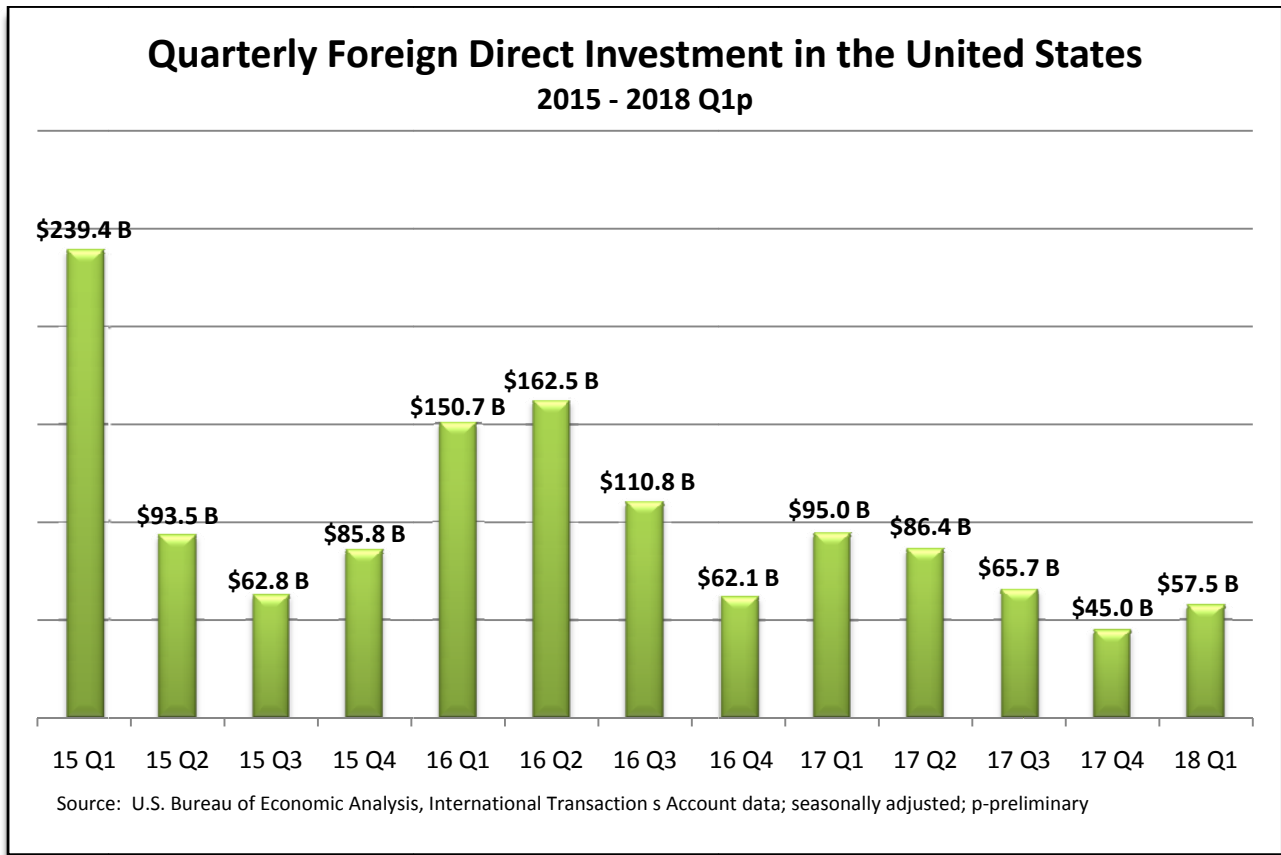
Organization for
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FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

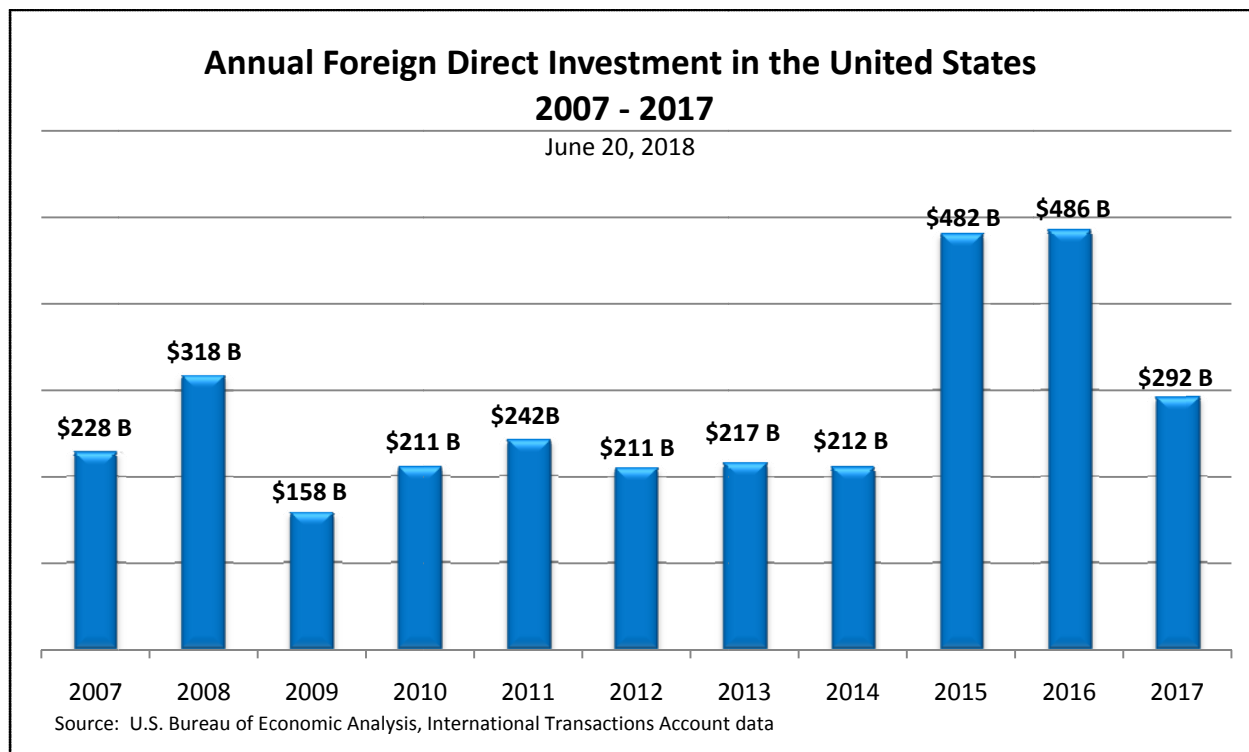
Foreign Direct Investment in the United States, 2015-2018¹

- Foreign direct investment in the United States (FDIUS)² totaled nearly \$58 billion in the first-quarter 2018, a 28 percent increase from fourth-quarter 2017.
- The FDIUS flows these past two quarters were on the low end compared to quarters in recent years. Equity flows made up less than half of the first-quarter 2018 investment at \$26 billion, while reinvestment of earnings totaled more than \$36 billion.
- Foreign direct investment in the United States amounted to \$292 billion for 2017. That was the fourth-strongest year for FDIUS over the past decade. However, it followed two record-breaking years of FDIUS recorded in 2015 and 2016, at \$482 billion and \$486 billion, respectively.
- Quarterly FDIUS flows are subject to large revisions and can fluctuate greatly from quarter to quarter. While the United States remains an attractive investment location, global competition for foreign investment dollars is increasing as more developing countries position themselves as investment destinations.



¹ The U.S. Bureau of Economic Analysis released preliminary 1st quarter 2018 foreign direct investment statistics on June 20, 2018.

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

First-quarter 2018 foreign direct investment flows in the United States were below average for the past few years at \$58 billion, while FDIUS for the full-year 2017 was revised upward to \$292 billion. This followed record-breaking years in 2015 and 2016. FDIUS for both years were also revised upward to nearly half a trillion dollars each. While FDIUS in 2017 was the fourth-strongest for the past decade, it was down 40 percent from the 2016 level.

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 more than 6.8 million Americans in well-paying jobs.

Globally, inward FDI fell 23 percent to \$1.43 trillion in 2017 from the previous year, according to the United Nations Conference on Trade and Development (UNCTAD). The United States maintained its number one position in the world as a destination for FDI. UNCTAD projects that global FDI flows in 2018 will increase by just 10 percent, remaining well below the average over the past several years.

Looking at foreign direct investment more broadly, foreign companies invest in the United States for many reasons. A list of positive factors include 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 foreign investors, the United States has become an important global export platform. Good domestic energy resources and low energy prices also draw foreign investors to the United States.

Whether the United States will retain its status as the world's most attractive investment location hinges mainly on future macroeconomic developments and changing financial conditions. For the sixth year in a row, in 2018, A.T. Kearney's *FDI Confidence Index* ranked the United States as the world's top market.