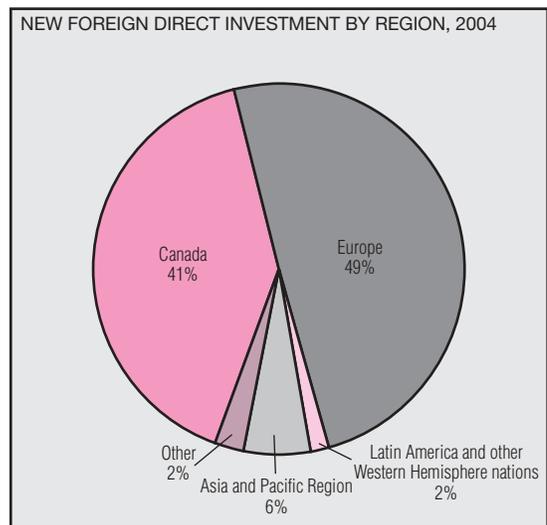
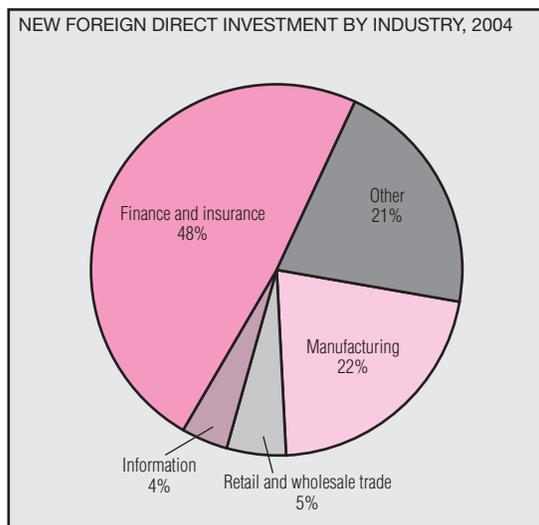
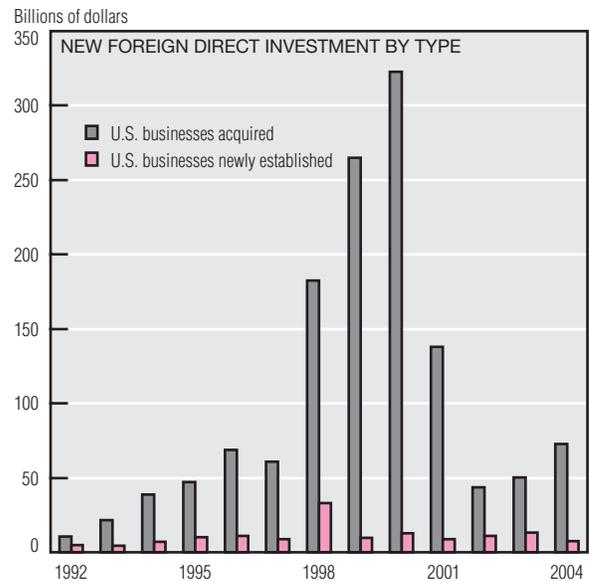
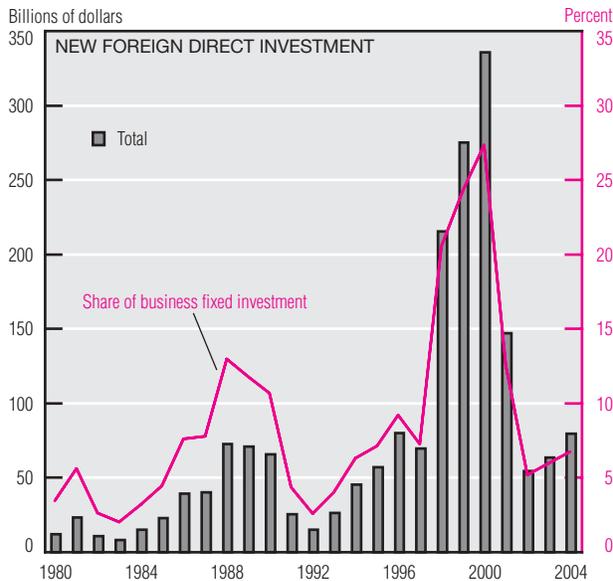


New Foreign Direct Investment in the U.S.



SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis; and Thomas W. Anderson, "Foreign Direct Investment in the United States, New Investment in 2004," *Survey of Current Business*, June 2005, pp. 30–37.

Foreigners account for a substantial part of all new direct investment in the U.S., chiefly through acquisition of existing U.S. businesses. (Direct investment implies that the foreign investor has acquired a controlling interest—10% or more—in a U.S. firm.) In 2004, according to the most recent data, foreigners spent \$79.8 billion to acquire new or existing U.S. firms, an amount equal to approximately 7% of total U.S. business fixed investment. New foreign direct investment grew in both 2003 and 2004, when U.S. economic growth far

outpaced that of other large industrial countries.

Despite recent increases, new foreign investment in this country remains far below the levels experienced from 1998 through 2003. During that period, new foreign investment averaged a whopping \$243 billion per year, more than one-fifth of all business fixed investment.

The profitable, open U.S. financial and insurance industries attracted nearly half of all new foreign direct investment in 2004, with banks and other depository institutions

contributing almost all of the gains. The manufacturing sector attracted slightly less than one-quarter of all new foreign direct investment in 2004.

Europe and Canada contributed 90% of all new investment in the U.S. that year. The U.K. accounted for the largest share (61%) of European investments in the U.S., followed—at some distance—by Germany (12%), France (12%), and Switzerland (9%). Asia and the Pacific Region accounted for 6% of the total, but this mostly represents Australian investments.