
Foreign Direct Investment in the United States, *Preliminary* *2017*

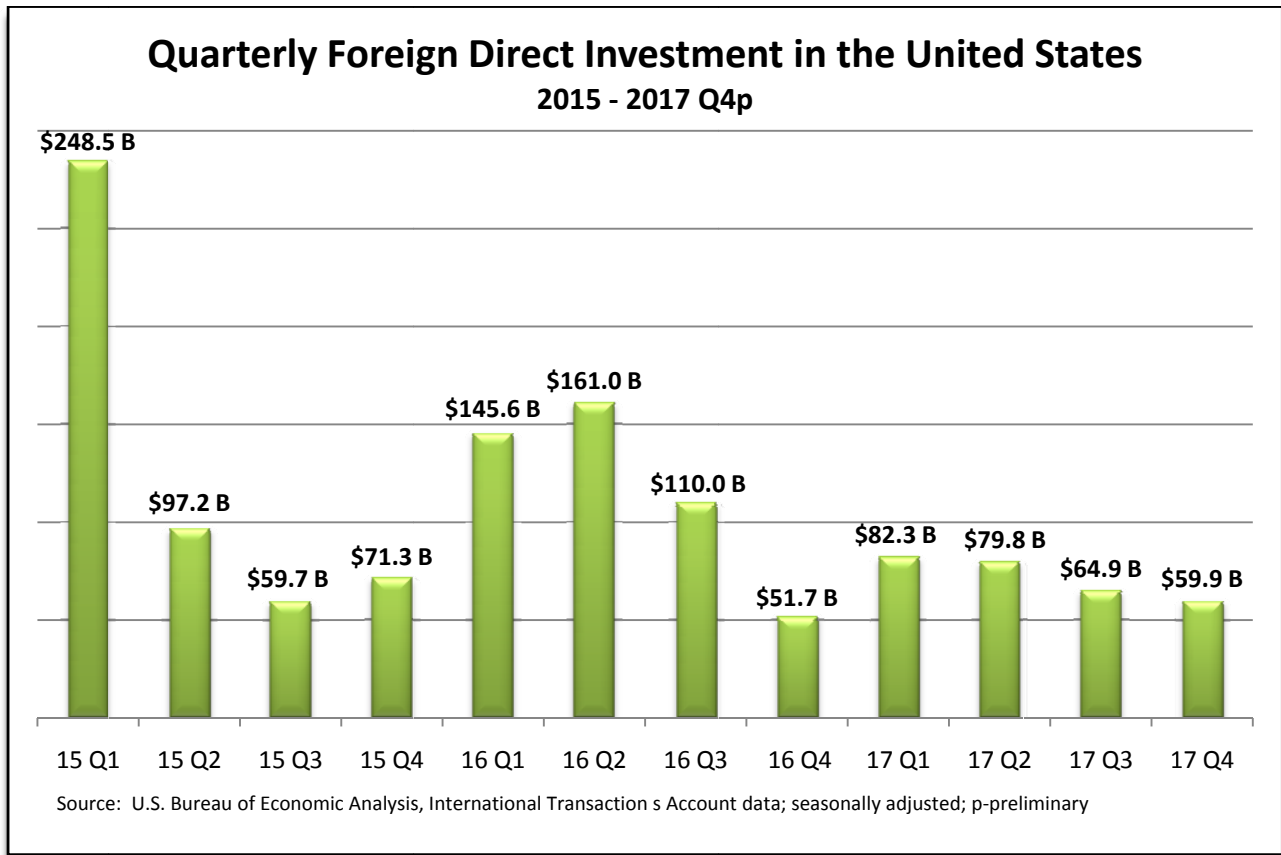
Organization for
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FOREIGN DIRECT INVESTMENT IN THE UNITED STATES

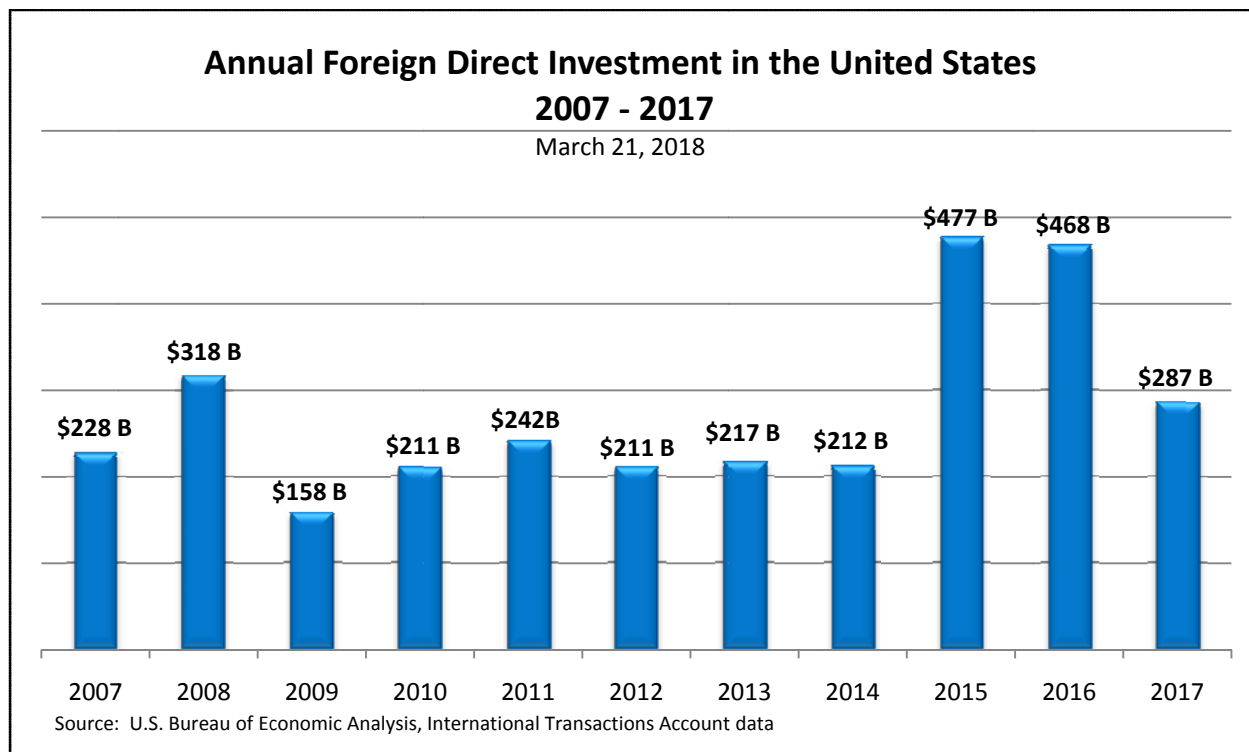
Foreign Direct Investment in the United States, 2015-2017¹

- Foreign direct investment in the United States (FDIUS)² totaled nearly \$60 billion in the fourth-quarter 2017, an eight percent decrease from third-quarter 2017.
- The FDIUS flows this past quarter were on the low end compared to quarters in recent years and the smallest for 2017. Equity flows made up about half of the investment at \$29.8 billion, while reinvestment of earnings totaled more than \$32 billion.
- Foreign direct investment in the United States amounted to \$287 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 \$477 billion and \$468 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 4th quarter 2017 foreign direct investment statistics on March 21, 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

Fourth-quarter 2017 foreign direct investment flows in the United States were below average for the past few years at \$60 billion, bringing FDIUS for the full-year 2017 to \$287 billion. This followed record-breaking years in 2015 and 2016. FDIUS for both years approached nearly half a trillion dollars. While FDIUS in 2017 was the fourth-strongest for the past decade, it was down nearly 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 16 percent to \$1.52 trillion in 2017 from the previous year, according to preliminary estimates by 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 return to their 2016 level of \$1.8 trillion.

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 fifth year in a row, in 2017, A.T. Kearney's *FDI Confidence Index* ranked the United States as the world's top market.