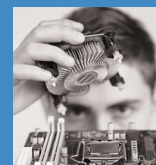


# INSOURCING BENEFITS U.S. MANUFACTURING



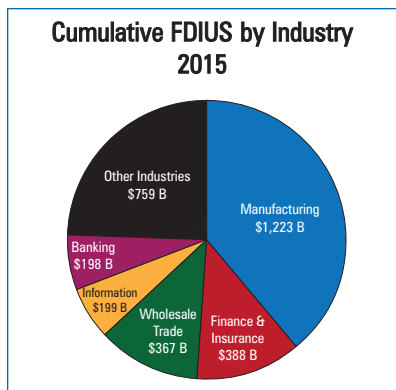
Insourcing, or foreign direct investment in the United States (FDIUS), bolsters U.S. manufacturing. Foreign-owned manufacturers, with nearly 1,800 affiliates in the United States in 2014, employ millions of Americans in high-paying jobs. Because supplier companies often locate nearby to furnish manufacturers with materials, component parts, and various support services, foreign investment in manufacturing provides significant employment spillovers. Economists estimate for each manufacturing job, two to five additional jobs are created elsewhere in the economy.

America's industrial competitiveness is strengthened by insourcing. In 2014, U.S. manufacturing operations of foreign companies bolstered the American economy by:

- generating \$1.8 trillion in U.S. sales;
- employing 2.4 million Americans;
- adding \$393 billion in value to the U.S. economy;
- supporting a U.S. payroll of \$214 billion; and
- contributing \$93 billion in new investment in property, plant construction, and equipment in the United States.

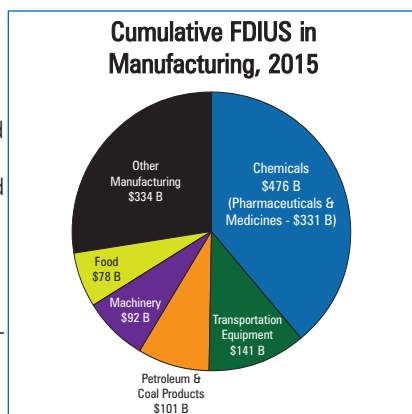
## Manufacturing Is Largest Industry for Global Investors

Exceeding \$1.2 trillion through 2015, manufacturing accounted for nearly 40 percent of cumulative foreign direct investment in the United States. Foreign manufacturers invest for various reasons, which include building market share in the world's largest consumer economy and tapping into a technologically advanced workforce. Other reasons are low energy costs and an innovative and stable economy. In 2015 alone, foreign investment in U.S. manufacturing neared a quarter-billion dollars.



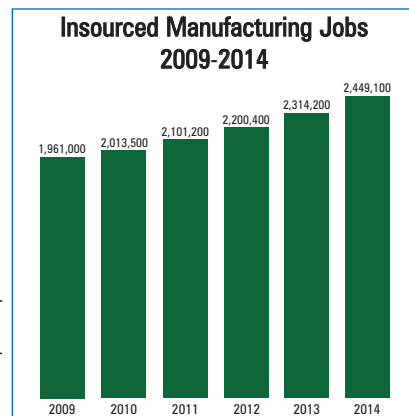
## Chemicals Ranks First in FDIUS Manufacturing

Within U.S. manufacturing, chemicals registered \$476 billion in cumulative foreign direct investment by year-end 2015. Transportation equipment and petroleum and coal products each attracted more than \$100 billion in foreign investment, followed by machinery at \$92 billion. Over the years, international investors have brought know-how, technology, and innovation with them, boosting the overall competitiveness of U.S. manufacturing.



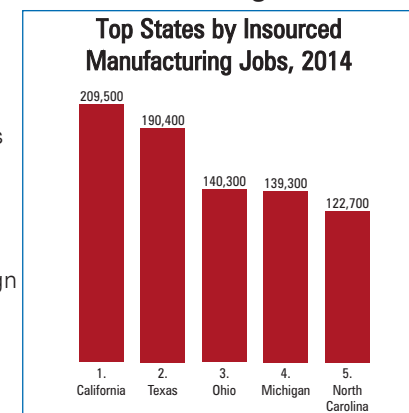
## Insourced Manufacturing Employment Nears 2.5 Million

International companies supported more than 2.4 million American manufacturing jobs in 2014, adding about 500,000 new factory jobs since the end of the recession in 2009. Insourcing is an important source of U.S. manufacturing jobs, which since 2012 have eclipsed the 2008 prerecession employment peak. Foreign firms accounted for a fifth of America's manufacturing workforce in 2014.



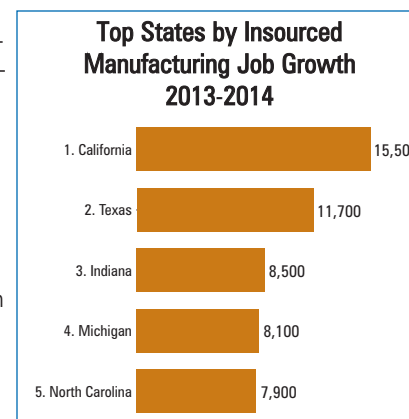
## California Leads in Insourced Manufacturing Employment

Foreign companies support American manufacturing jobs nationwide. Five states accounted for a third of these factory jobs in 2014. California ranked first in insourced manufacturing jobs, ahead of Texas. Foreign companies also supported more than 120,000 factory jobs in Ohio, Michigan, and North Carolina in 2014.

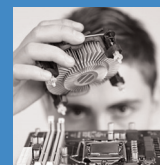


## California Gains Most New Insourced Manufacturing Jobs in 2014

Foreign companies in the United States added nearly 135,000 factory jobs between 2013 and 2014. California led in job growth, gaining 15,500 new manufacturing jobs, spread across several sectors, including chemicals and computers and electronic products. Texas gained nearly 12,000 new insourced manufacturing jobs, thanks partly to the large employment gain in machinery. Foreign manufacturers in Indiana also added 8,500 new jobs between 2013 and 2014. Over the same two years, foreign firms added about 8,000 manufacturing jobs in both Michigan and North Carolina. Insourced manufacturing job gains in transportation equipment were notable in these three states, where large international automakers and auto parts suppliers are well established.



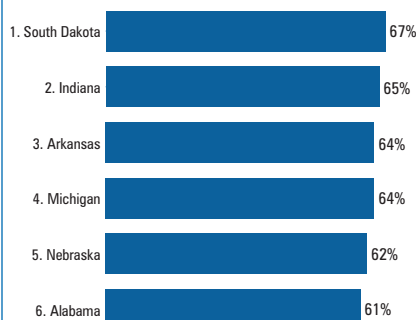
# INSOURCING BENEFITS U.S. MANUFACTURING



## 38 Percent of All Insourced Jobs Are in Manufacturing

Manufacturing made up 38 percent of the 6.4 million insourced jobs in 2014. Factory jobs composed two-thirds of South Dakota's insourced jobs in 2014, and the share was almost as high in Indiana. In Arkansas and Michigan, manufacturing accounted for 64 percent of all insourced jobs. Manufacturing employment also constituted more than 60 percent of total insourced jobs in Nebraska and Alabama. Factory jobs represented more than half of insourced jobs in Kentucky, South Carolina, Ohio, Iowa, West Virginia, Tennessee, and North Carolina.

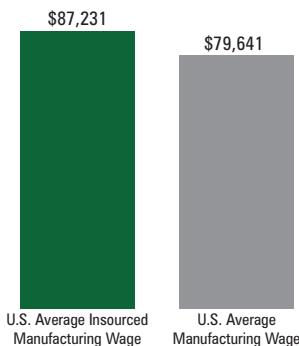
**Manufacturing Jobs as a Share of All Insourced Employment by State, 2014**



## Manufacturing Workers at Foreign Companies Earn 10 Percent More Than National Average

The average compensation (salary + benefits) of an American manufacturing worker employed by a foreign company was \$87,200 in 2014, or 10 percent higher than the national average wage for all American factory workers. The best-compensated jobs were in petroleum and coal and pharmaceuticals and medicines, where workers earned \$228,000 and \$156,000, respectively, in 2014. Foreign manufacturers supported a combined payroll of \$214 billion in the United States in 2014.

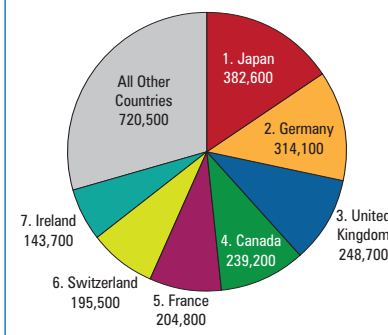
**Average Annual Manufacturing Wages, 2014**



## Japanese Companies in the United States Employ Greatest Number of Manufacturing Workers

Japanese manufacturers in the United States employed more American workers than manufacturers from other countries. Companies such as Subaru, Toyota, Sony, and Nissan supported more than 380,000 American manufacturing jobs in 2014. German manufacturers ranked second with about 314,000 jobs. Manufacturers from the United Kingdom employed an additional 248,700 American workers in 2014. Seven countries accounted for more than 70 percent of all insourced factory jobs in 2014.

**Insourced Manufacturing Jobs by Country, 2014**

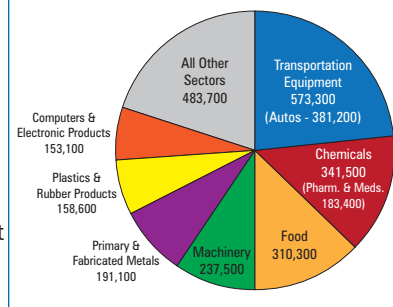


Canadian manufacturers added the most (47,200) new jobs in the United States between 2013 and 2014, boosting their employment base by 25 percent.

## Insourced Transportation Equipment Employment Tops 570,000

Transportation equipment constituted nearly a quarter of all insourced manufacturing jobs in 2014, thanks to the large U.S. factories for foreign auto assembly and parts manufacturers have built in states such as Alabama, Georgia, and South Carolina over the past three decades. Other American industrial sectors, including chemicals, food, and machinery, also have secured significant employment from international investors. Seven sectors accounted for 80 percent of all insourced manufacturing jobs in 2014.

**Insourced Manufacturing Jobs by Sector, 2014**



Foreign food manufacturers added more than 50,000 new jobs in the United States between 2013 and 2014, an uptick of 19 percent.

Note: Content First, LLC prepared this document for the Organization for International Investment using the latest available data from the Bureau of Economic Analysis at the time of publication in November 2016. Data cover the activities of majority-owned U.S. affiliates of foreign multinational enterprises, except cumulative FDIUS, which includes minority-owned affiliates.

## Appendix: U.S. Insourced Manufacturing Statistics

### Cumulative FDIUS Through 2015 (millions of dollars)

	2015
<b>Total Manufacturing</b>	<b>\$1,222,850</b>
Beverages & tobacco products	\$47,870
Chemicals	\$475,692
Basic chemicals	\$78,606
Pharmaceuticals & medicines	\$330,515
Computers & electronic products	\$58,399
Navigational, measuring, & other instruments	\$25,917
Semiconductors & other electronic components	\$17,145
Electrical equipment, appliances, & components	\$36,521
Electrical equipment	\$29,103
Food	\$78,320
Machinery	\$92,433
Industrial machinery	\$21,405
Engines, turbines, & power transmission equipment	n/a
Medical equipment & supplies	\$25,614
Nonmetallic mineral products	\$55,163
Cement & concrete products	\$41,788
Petroleum & coal products	\$100,753
Primary & fabricated metals	\$58,160
Primary metals	\$34,402
Fabricated metal products	\$23,758
Transportation equipment	\$141,118
Motor vehicles, bodies & trailers, & parts	\$102,929
Aerospace products & parts	\$24,356

### U.S. Insourced Manufacturing Jobs by Selected Industry

	2014
<b>Total Manufacturing</b>	<b>2,449,100</b>
Beverages & tobacco products	49,900
Chemicals	341,500
Basic chemicals	82,200
Pharmaceuticals & medicines	183,400
Computers & electronic products	153,100
Navigational, measuring, & other instruments	70,600
Semiconductors & other electronic components	40,800
Electrical equipment, appliances, & components	109,800
Food	310,300
Machinery	237,500
Medical equipment & supplies	55,700
Nonmetallic mineral products	128,800
Paper	26,300
Petroleum & coal products	49,000
Plastics & rubber products	158,600
Primary & fabricated metals	191,100
Transportation equipment	573,300
Aerospace products & parts	147,300
Motor vehicles, bodies & trailers, & parts	381,200

### U.S. Insourced Manufacturing Jobs by Selected Country

	2014
<b>Total Manufacturing</b>	<b>2,449,100</b>
<b>Europe</b>	<b>1,459,500</b>
Belgium	28,900
Denmark	11,700
Finland	16,800
France	204,800
Germany	314,100
Ireland	143,700
Italy	83,100
Netherlands	98,400
Russia	n/a
Spain	14,900
Sweden	74,800
Switzerland	195,500
United Kingdom	248,700
<b>Asia and Pacific</b>	<b>513,100</b>
Australia	32,900
China	13,400
Hong Kong	3,400
India	8,800
Japan	382,600
Singapore	18,600
South Korea	16,400
Taiwan	4,000
<b>Canada</b>	<b>239,200</b>
<b>South and Central America</b>	<b>134,100</b>
Brazil	64,700
Mexico	56,800
Venezuela	3,000
<b>Caribbean</b>	<b>56,700</b>
Bermuda	6,000
United Kingdom Islands, Caribbean	49,700
<b>Middle East</b>	<b>23,800</b>
Israel	11,700
Saudi Arabia	5,700
United Arab Emirates	3,400
<b>Africa</b>	<b>3,200</b>
South Africa	3,200
<b>Addenda:</b>	
BRICS*	90,100
European Union (28)	1,256,500

\*The BRICS countries are Brazil, Russia, India, China, and South Africa. BRICS total does not include Russia.

Note: Data are the latest at the time of publication in November 2016. Except for cumulative FDIUS, which includes minority-owned foreign affiliates, the data cover majority-owned U.S. affiliates of foreign multinational enterprises.

Source: Bureau of Economic Analysis

## Appendix: U.S. Insourced Manufacturing Statistics

### U.S. Insourced Manufacturing Employment by State

	<u>2014</u>
<b>United States</b>	<b>2,449,100</b>
Alabama	56,600
Alaska	7,400
Arizona	25,000
Arkansas	29,800
California	209,500
Colorado	29,600
Connecticut	32,600
Delaware	9,500
District of Columbia	1,200
Florida	63,100
Georgia	80,800
Hawaii	3,500
Idaho	8,000
Illinois	112,700
Indiana	111,800
Iowa	30,900
Kansas	34,900
Kentucky	62,300
Louisiana	21,100
Maine	9,400
Maryland	27,600
Massachusetts	60,400
Michigan	139,300
Minnesota	39,500
Mississippi	14,700
Missouri	52,700
Montana	2,400
Nebraska	20,300
Nevada	10,500
New Hampshire	20,500
New Jersey	79,100
New Mexico	8,500
New York	67,100
North Carolina	122,700
North Dakota	5,100
Ohio	140,300
Oklahoma	23,200
Oregon	18,100
Pennsylvania	121,100
Rhode Island	4,600
South Carolina	76,100
South Dakota	8,700
Tennessee	71,300
Texas	190,400
Utah	14,900
Vermont	2,900
Virginia	51,600
Washington	38,100
West Virginia	15,000
Wisconsin	44,400
Wyoming	3,300

### Manufacturing Jobs as a Share of All Insourced Employment by State

	<u>2014</u>
<b>United States</b>	<b>38.4%</b>
Alabama	61.1%
Alaska	42.3%
Arizona	28.2%
Arkansas	64.2%
California	31.5%
Colorado	32.6%
Connecticut	32.8%
Delaware	33.6%
District of Columbia	5.0%
Florida	23.7%
Georgia	37.1%
Hawaii	9.5%
Idaho	49.7%
Illinois	38.5%
Indiana	65.5%
Iowa	55.4%
Kansas	49.4%
Kentucky	58.0%
Louisiana	28.4%
Maine	28.9%
Maryland	26.6%
Massachusetts	28.0%
Michigan	64.2%
Minnesota	37.2%
Mississippi	43.2%
Missouri	50.5%
Montana	34.8%
Nebraska	62.5%
Nevada	22.9%
New Hampshire	48.2%
New Jersey	32.3%
New Mexico	37.9%
New York	15.7%
North Carolina	50.6%
North Dakota	38.1%
Ohio	55.5%
Oklahoma	46.7%
Oregon	34.3%
Pennsylvania	40.4%
Rhode Island	15.5%
South Carolina	57.7%
South Dakota	66.9%
Tennessee	51.1%
Texas	34.9%
Utah	39.2%
Vermont	25.0%
Virginia	29.4%
Washington	36.1%
West Virginia	51.7%
Wisconsin	49.3%
Wyoming	39.3%

Note: Data are the latest at the time of publication in November 2016 and cover majority-owned U.S. affiliates of foreign multinational enterprises.

Source: Bureau of Economic Analysis