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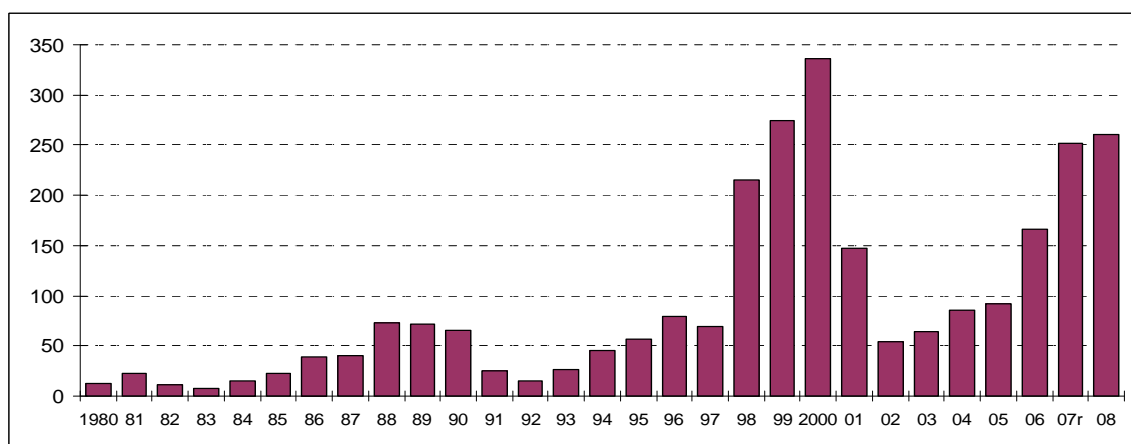
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**Foreign Direct Investors' Outlays to Acquire or Establish  
U.S. Businesses Increased in 2008**

Outlays by foreign direct investors to acquire or establish U.S. businesses increased 3 percent in 2008, to \$260.4 billion. Outlays in 2008 were the third-largest on record and the sixth consecutive increase since a falloff in outlays in 2001-2002.

**Outlays for New Investment in the United States  
by Foreign Direct Investors, 1980-2008**



Billion \$

r Revised

U.S. Bureau of Economic Analysis

NOTE.—Outlays consist of expenditures by foreign investors to acquire or establish U.S. business enterprises (U.S. affiliates) in which they own at least 10 percent of the voting securities, or the equivalent. Outlays differ from financial flows for foreign direct investment in the United States as recorded in the international transactions accounts (balance of payments). Unlike financial flows, outlays can reflect domestic as well as foreign sources of funding and are limited to transactions involving new U.S. affiliates. Financial flows, in contrast, include financing of both existing and new U.S. affiliates and reflect sell-offs and other subtractions from investment as well as additions.

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Among major industries, there was a substantial increase in outlays in manufacturing, which accounted for the majority of the spending by investors in 2008. Outlays were also large in information and in finance. Outlays in real estate fell sharply.

Outlays increased from investors in Europe, Latin America and Other Western Hemisphere and in the Asia and Pacific region. As in previous years, the largest share of outlays was from European investors. Outlays by investors from Canada and the Middle East fell.

### **Outlays in 2008**

In 2008, as in previous years, most outlays by foreign direct investors were to acquire existing businesses. These outlays were \$242.8 billion, compared with \$17.6 billion to establish new U.S. businesses. Outlays made by, or through, existing U.S. businesses were \$213.3 billion, much greater than the outlays of \$47.1 billion made directly by foreign investors.

Outlays in manufacturing rose to \$141.1 billion from \$118.4 billion and accounted for more than half of total outlays in 2008. Within manufacturing, the increase was more than accounted for by beverages and tobacco products, where outlays were boosted by a large transaction. Among other manufacturing industries, spending was also substantial in chemicals, especially in pharmaceuticals. Outside manufacturing, outlays continued to be high in financial industries such as securities and commodities brokers, insurance, and depository institutions (banking).

By country of ultimate beneficial owner, outlays by European investors rose to \$157.9 billion and represented 61 percent of total outlays in 2008. Much of the increase in European investment was accounted for by Belgium and Finland. Outlays by investors from the United Kingdom, which in previous years has often been the largest investing country, fell sharply. Outlays from Asia and Pacific rose, with Japanese investors more than accounting for the total increase and for over 60 percent of the region's outlays. Outlays by Japanese investors were boosted by acquisitions in pharmaceuticals manufacturing, in wholesale trade and in finance. Spending by investors from Latin America and Other Western Hemisphere also rose in 2008.

The ultimate beneficial owner is the investor, proceeding up a U.S. affiliate's ownership chain, beginning with the foreign parent that is not owned more than 50 percent by another investor. The data on new investment outlays are classified by country based on the location of the UBO; thus, they are shown against the country of the investor that ultimately owns or controls the affiliate, even though the investor may have channeled the funds for the investment through another country, such as a financial center.

The estimates of outlays for 2007 have been revised down 9 percent from the preliminary estimates published last year.

**Employment and assets of newly acquired or established businesses**

In 2008, U.S. businesses that were newly acquired or established by foreign direct investors had 368,500 employees, compared with 496,600 employees in 2007. Employment at newly acquired or established firms was largest in manufacturing (146,600) followed by finance (except depository institutions) and insurance (95,700). The total assets of newly acquired or established businesses were \$895.7 billion, up from \$411.8 billion in 2007. Newly acquired businesses in finance (except depository institutions) and insurance accounted for the largest share of assets in 2008. Because assets can be financed not only by funds from foreign direct investors but also by funds from other owners and lenders, assets of the newly established or acquired U.S. affiliates generally will exceed the related investment outlays.

\* \* \*

Estimates in this report are based upon a Bureau of Economic Analysis survey that covered (1) existing U.S. business enterprises in which foreign investors acquired, either directly or through their U.S. affiliates, at least a 10 percent ownership interest and (2) new U.S. business enterprises established by foreign investors or their U.S. affiliates, also using the 10 percent ownership interest threshold.

Additional details on the new investments by foreign investors in 2008 will appear in the June issue of the *Survey of Current Business*, the monthly journal of the Bureau of Economic Analysis.

### **Replacement of New Investment Series**

BEA has eliminated the survey of new foreign direct investment in the United States but is designing a new survey of new investments by foreign direct investors to better capture greenfield investments. The new survey will collect data on the construction of new plants and other new business facilities in the United States by existing U.S. affiliates of foreign direct investors as well as the data previously collected on foreign investors' acquisitions of existing U.S. companies and establishment of new U.S. affiliates. The new survey is currently being developed and comments or suggestions are welcome; send them to <be13@bea.gov>.

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BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's website at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

**Table 1. Investment Outlays by Type of Investment and Investor, 1994–2008**

[Millions of dollars]

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 <sup>r</sup>	2008
<b>Total outlays</b> .....	<b>45,626</b>	<b>57,195</b>	<b>79,929</b>	<b>69,708</b>	<b>215,256</b>	<b>274,956</b>	<b>335,629</b>	<b>147,109</b>	<b>54,519</b>	<b>63,591</b>	<b>86,219</b>	<b>91,390</b>	<b>165,603</b>	<b>251,917</b>	<b>260,362</b>
<b>By type of investment:</b>															
U.S. businesses acquired.....	38,753	47,179	68,733	60,733	182,357	265,127	322,703	138,091	43,442	50,212	72,738	73,997	148,604	223,616	242,799
U.S. businesses established.....	6,873	10,016	11,196	8,974	32,899	9,829	12,926	9,017	11,077	13,379	13,481	17,393	16,999	28,301	17,564
<b>By type of investor:</b>															
Foreign direct investors.....	13,628	11,927	32,230	13,899	120,828	120,878	105,151	23,134	13,650	27,866	34,184	40,304	44,129	88,337	47,078
U.S. affiliates.....	31,999	45,268	47,699	55,809	94,428	154,078	230,478	123,975	40,869	35,725	52,035	51,086	121,474	163,580	213,284

<sup>r</sup> Revised

Source: U.S. Bureau of Economic Analysis

**Table 2. Distribution of Investment Outlays by Size, 1994–2008**

[Percent]

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 <sup>r</sup>	2008
<b>Total outlays</b> .....	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
\$5 billion or more.....	0	(D)	0	0	55	55	48	30	(D)	(D)	(D)	0	18	24	46
\$2 billion — \$4.999 billion.....	27	18	29	12	11	16	20	22	18	(D)	13	28	30	34	16
\$100 million — \$1.999 billion.....	51	48	55	67	27	24	27	40	45	43	47	59	45	37	28
Less than \$100 million.....	22	(D)	16	21	7	5	5	9	(D)	12	(D)	13	7	5	10

<sup>r</sup> Revised

D Suppressed to avoid disclosure of data of individual companies.

Source: U.S. Bureau of Economic Analysis

**Table 3. Investment Outlays by Industry of U.S. Business Enterprise, 2005–2008**

[Millions of dollars]

	2005	2006	2007 <sup>r</sup>	2008
<b>All industries</b> .....	<b>91,390</b>	<b>165,603</b>	<b>251,917</b>	<b>260,362</b>
<b>Manufacturing</b> .....	<b>34,036</b>	<b>56,330</b>	<b>118,370</b>	<b>141,079</b>
Food .....	1,646	1,857	576	(D)
Beverages and tobacco products .....	(D)	4,668	(D)	52,628
Textiles, apparel, and leather products .....	(D)	(D)	176	422
Paper .....	(D)	(D)	(D)	(D)
Printing and related support activities .....	(D)	(D)	(D)	62
Petroleum and coal products .....	225	0	(D)	(D)
Chemicals .....	9,598	12,335	47,642	37,452
Plastics and rubber products .....	1,636	86	3,506	1,304
Nonmetallic mineral products .....	388	1,439	1,309	918
Primary metals .....	4,877	4,598	12,812	6,714
Fabricated metal products .....	111	884	3,690	256
Machinery .....	382	1,827	(D)	12,315
Computers and electronic products .....	3,596	(D)	7,287	7,286
Electrical equipment, appliances, and components .....	747	1,660	(D)	3,215
Transportation equipment .....	5,942	1,267	13,415	833
Other .....	4,663	6,562	11,627	15,068
<b>Wholesale trade</b> .....	<b>3,489</b>	<b>8,273</b>	<b>5,631</b>	<b>3,977</b>
<b>Retail trade</b> .....	<b>1,262</b>	<b>1,295</b>	<b>6,867</b>	<b>2,775</b>
<b>Information</b> .....	<b>8,487</b>	<b>10,341</b>	<b>8,585</b>	<b>22,214</b>
Publishing industries .....	2,555	5,068	(D)	13,286
Motion picture and sound recording industries .....	(D)	(D)	(D)	381
Telecommunications .....	(D)	4,308	(D)	3,618
Other .....	2,085	(D)	2,468	4,930
<b>Depository institutions</b> .....	<b>7,973</b>	<b>7,547</b>	<b>12,307</b>	<b>15,996</b>
<b>Finance (except depository institutions) and insurance</b> .....	<b>5,529</b>	<b>33,776</b>	<b>27,497</b>	<b>29,584</b>
<b>Real estate and rental and leasing</b> .....	<b>8,756</b>	<b>12,441</b>	<b>17,852</b>	<b>3,796</b>
<b>Professional, scientific, and technical services</b> .....	<b>6,407</b>	<b>8,923</b>	<b>9,018</b>	<b>15,167</b>
<b>Other industries</b> .....	<b>15,453</b>	<b>26,677</b>	<b>45,790</b>	<b>25,775</b>

<sup>r</sup> Revised

D Suppressed to avoid disclosure of data of individual companies.

Source: U.S. Bureau of Economic Analysis

**Table 4. Investment Outlays by Country of Ultimate Beneficial Owner, 2005–2008**

[Millions of dollars]

	2005	2006	2007 <sup>r</sup>	2008
<b>All countries</b> .....	<b>91,390</b>	<b>165,603</b>	<b>251,917</b>	<b>260,362</b>
<b>Canada</b> .....	<b>13,640</b>	<b>12,121</b>	<b>38,502</b>	<b>25,181</b>
<b>Europe</b> .....	<b>56,416</b>	<b>106,732</b>	<b>132,454</b>	<b>157,853</b>
France .....	5,608	18,140	14,307	16,565
Germany .....	7,239	20,514	15,831	12,823
Netherlands .....	2,609	4,769	8,357	12,545
Switzerland .....	2,332	12,401	6,501	9,041
United Kingdom .....	30,420	26,261	56,051	19,657
Other Europe .....	8,206	24,648	31,408	87,222
<b>Latin America and Other Western Hemisphere</b> .....	<b>5,042</b>	<b>(D)</b>	<b>(D)</b>	<b>18,259</b>
South and Central America .....	980	2,273	(D)	3,551
Other Western Hemisphere .....	4,062	(D)	1,933	14,708
<b>Africa</b> .....	<b>(D)</b>	<b>(D)</b>	<b>(D)</b>	<b>129</b>
<b>Middle East</b> .....	<b>5,068</b>	<b>11,755</b>	<b>21,882</b>	<b>12,263</b>
<b>Asia and Pacific</b> .....	<b>10,924</b>	<b>15,759</b>	<b>34,408</b>	<b>44,863</b>
Australia .....	4,713	5,650	12,983	10,522
Japan .....	4,245	8,350	7,928	28,041
Other Asia and Pacific .....	1,966	1,758	13,497	6,301
<b>United States</b> <sup>1</sup> .....	<b>(D)</b>	<b>(D)</b>	<b>18,071</b>	<b>1,813</b>

<sup>r</sup> Revised

(D) Suppressed to avoid disclosure of data of individual companies.

<sup>1</sup> The United States is the country of ultimate beneficial owner for businesses newly acquired or established by foreign investors that are ultimately owned by persons located in the United States.

Note: For investments in which more than one investor participated, each investor and each investor's outlays are classified by the country of each individual ultimate beneficial owner.

Source: U.S. Bureau of Economic Analysis

**Table 5. Selected Operating Data of U.S. Business Enterprises Acquired or Established, by Industry of U.S. Business Enterprise, 2007–2008**

	2007 <sup>r</sup>					2008				
	Millions of dollars			Thousands of employees	Hectares of land <sup>1</sup>	Millions of dollars			Thousands of employees	Hectares of land <sup>1</sup>
	Total assets	Sales	Net income			Total assets	Sales	Net income		
<b>All industries</b> .....	<b>411,777</b>	<b>162,678</b>	<b>7,334</b>	<b>496.6</b>	<b>357,750</b>	<b>895,733</b>	<b>182,941</b>	<b>7,270</b>	<b>368.5</b>	<b>81,137</b>
Manufacturing.....	147,085	78,642	4,487	141.7	(D)	146,356	60,091	2,364	146.6	36,411
Wholesale trade .....	8,084	11,939	300	20.0	193	4,704	6,124	126	27.8	138
Retail trade .....	13,462	24,509	51	117.9	606	5,697	4,702	82	5.6	841
Information .....	9,045	2,881	-48	9.6	97	21,368	5,633	-476	15.1	1,467
Depository institutions .....	54,811	2,577	588	11.7	241	90,684	4,390	217	20.8	351
Finance (except depository institutions) and insurance .....	79,378	9,323	979	16.8	117	538,084	75,686	3,541	95.7	522
Real estate and rental and leasing.....	26,479	2,257	276	1.6	13,028	9,227	896	62	2.5	6,094
Professional, scientific, and technical services .....	9,994	4,423	-51	27.2	26	14,627	4,211	207	22.0	8
Other industries.....	63,438	26,128	753	150.1	(D)	64,986	21,208	1,147	32.4	35,305

<sup>r</sup> Revised

<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

<sup>1</sup> One hectare equals 2.471 acres. Thus, for all industries, acres of land owned in 2008 was 200,490.

NOTE: For newly acquired businesses, the data cover the most recent financial reporting year preceding acquisition. For newly established businesses, the data are projections for the first full year of operations.

Source: U.S. Bureau of Economic Analysis