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EMBARGOED UNTIL RELEASE AT 8:30 A.M. EDT, WEDNESDAY JUNE 1, 2005

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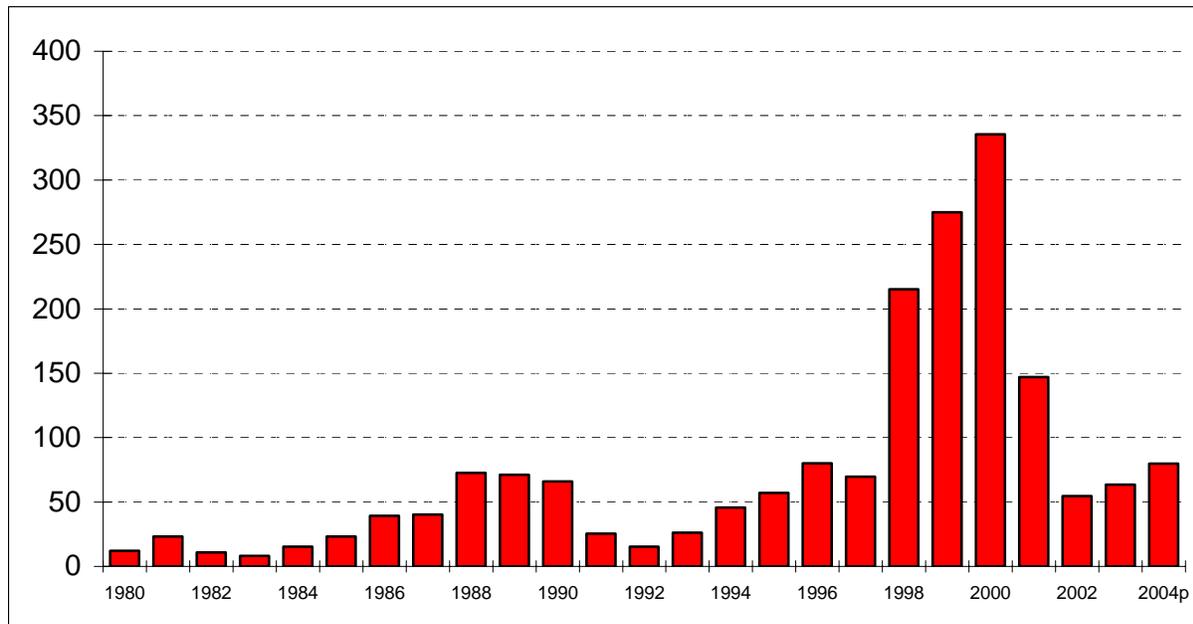
BEA 05-23

## Foreign Direct Investors' Outlays to Acquire or Establish U.S. Businesses Rose in 2004

In 2004, outlays by foreign direct investors to acquire or establish U.S. businesses rose significantly. Outlays were \$79.8 billion, up 26 percent from 2003, when outlays were \$63.6 billion. Outlays remained below those in 1998-2001, when new investment outlays were

### Outlays for New Investment in the United States by Foreign Direct Investors, 1980-2004

Billion \$



p Preliminary

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historically high, ranging from \$147.1 billion to \$335.6 billion. Transactions of more than \$5 billion continued to account for a sizable share of total outlays.

In 2004, outlays in depository institutions (banking) increased sharply and outlays in other financial services industries continued to be large, as overseas banks and finance and insurance companies continued to seek access to the profitable and open U.S. financial market. Outlays in manufacturing rose substantially. Outlays in information declined for the fifth consecutive year.

Outlays by Canadian investors increased substantially and accounted for more than 40 percent of total outlays. Outlays from European investors were up slightly, as increases in outlays from the United Kingdom, Switzerland, and France were offset by decreases in outlays from Germany and other European countries. Outlays from Australia decreased. Outlays from Japan declined for the fourth consecutive year.

#### Outlays in 2004

In 2004, as in previous years, outlays by foreign direct investors to acquire existing U.S. businesses (at \$72.5 billion) were far larger than outlays to establish new U.S. businesses (at \$7.3 billion).

By industry, outlays in finance (except depository institutions) and insurance (\$24.9 billion) were largest for the second consecutive year. Outlays in depository institutions, at \$14.1 billion, were also large, up sharply from outlays of \$4.9 billion in 2003. Outlays in manufacturing rebounded to \$17.2 billion in 2004 from \$10.8 billion in 2003. Within manufacturing, the largest increases were in chemicals, beverages and tobacco products, and computers and electronic products. Outlays in real estate rose to \$4.8 billion in 2004, up from \$2.8 billion in 2003. Outlays in information continued to decline, from \$9.2 billion in 2003 to \$3.1 billion in 2004.

By country of ultimate beneficial owner, outlays from Canada were largest, increasing from \$9.2 billion in 2003 to \$32.4 billion in 2004. Outlays from the United Kingdom increased from \$20.4 billion to \$24.2 billion. Outlays from French and Swiss investors increased, while those from German investors decreased. Outlays from Japanese investors continued to decline from an already low level to \$1.0 billion in 2004, down from a peak of \$26.0 billion in 2000. Outlays from Australia decreased from \$9.0 billion to \$2.9 billion.

The ultimate beneficial owner is that person, proceeding up a U.S. affiliate's ownership chain, beginning with and including the foreign parent, that is not owned more than 50 percent by another person.

The estimates of outlays for 2004 are preliminary. The estimate of outlays for 2003 has been revised up 5 percent from the preliminary estimate published last year.

Employment and assets of newly acquired or established businesses

Newly acquired or established businesses employed 193,000 people in 2004, up from 166,100 in 2003. Manufacturing, with 48,300 employees, accounted for the largest share of employment in 2004. The total assets of newly established or acquired businesses were \$313.0 billion in 2004, up from \$219.1 billion in 2003.

\* \* \*

Estimates in this report are based upon a Bureau of Economic Analysis survey that covers (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 2004 will appear in the June issue of the *Survey of Current Business*, the monthly journal of the Bureau of Economic Analysis.

\* \* \*

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- (202) 606-5306 Gross domestic product
- 606-5303 Personal income and outlays
- 606-5362 U.S. international transactions

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**Table 1. Investment Outlays by Type of Investment and Investor, 1992-2004**

[Millions of dollars]

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 <sup>r</sup>	2004 <sup>p</sup>
<b>Total outlays</b>	<b>15,333</b>	<b>26,229</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>79,820</b>
<b>By type of investment:</b>													
U.S. businesses acquired	10,616	21,761	38,753	47,179	68,733	60,733	182,357	265,127	322,703	138,091	43,442	50,212	72,546
U.S. businesses established	4,718	4,468	6,873	10,016	11,196	8,974	32,899	9,829	12,926	9,017	11,077	13,379	7,274
<b>By type of investor:</b>													
Foreign direct investors	4,058	6,720	13,628	11,927	32,230	13,899	120,828	120,878	105,151	23,134	13,650	27,866	33,529
U.S. affiliates	11,275	19,509	31,999	45,268	47,699	55,809	94,428	154,078	230,478	123,975	40,869	35,725	46,291

<sup>p</sup> Preliminary.

<sup>r</sup> Revised.

Source: U.S. Bureau of Economic Analysis

Table 2. Distribution of Investment Outlays by Size, 1992-2004

[Percent]

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 <sup>r</sup>	2004 <sup>p</sup>
Total outlays	100	100	100	100	100	100	100	100	100	100	100	100	100
\$5 billion or more	0	0	0	(D)	0	0	55	55	48	30	(D)	(D)	(D)
\$2 billion - \$4.999 billion	0	(D)	27	18	29	12	11	16	20	22	18	(D)	17
\$100 million - \$1.999 billion	42	51	51	48	55	67	27	24	27	40	45	43	40
Less than \$100 million	58	(D)	22	(D)	16	21	7	5	5	9	(D)	12	(D)

<sup>p</sup> Preliminary.

<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, 2003-2004**

[Millions of dollars]

	2003 <sup>r</sup>	2004 <sup>p</sup>
<b>All industries</b>	<b>63,591</b>	<b>79,820</b>
<b>Manufacturing</b>	<b>10,750</b>	<b>17,178</b>
Food	2,516	2,383
Beverages and tobacco products	(D)	3,777
Petroleum and coal products	(D)	0
Chemicals	1,164	5,140
Plastics and rubber products	498	(D)
Nonmetallic mineral products	(D)	127
Primary metals	91	(D)
Fabricated metal products	123	(D)
Machinery	122	580
Computers and electronic products	2,125	2,818
Electrical equipment, appliances, and components	139	306
Transportation equipment	225	425
Other	462	539
<b>Wholesale trade</b>	<b>1,086</b>	<b>951</b>
<b>Retail trade</b>	<b>941</b>	<b>3,055</b>
<b>Information</b>	<b>9,236</b>	<b>3,102</b>
Publishing industries	1,431	(D)
Motion pictures and sound recording industries	278	0
Telecommunications	(D)	(D)
Other	(D)	2,857
<b>Depository institutions</b>	<b>4,864</b>	<b>14,095</b>
<b>Finance (except depository institutions) and insurance</b>	<b>23,511</b>	<b>24,904</b>
<b>Real estate and rental and leasing</b>	<b>2,817</b>	<b>4,823</b>
<b>Professional, scientific, and technical services</b>	<b>1,955</b>	<b>4,048</b>
<b>Other industries</b>	<b>8,429</b>	<b>7,664</b>

<sup>p</sup> Preliminary.

<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, 2003-2004**

[Millions of dollars]

	2003 <sup>r</sup>	2004 <sup>p</sup>
<b>All countries</b>	<b>63,591</b>	<b>79,820</b>
<b>Canada</b>	<b>9,157</b>	<b>32,378</b>
<b>Europe</b>	<b>39,024</b>	<b>39,424</b>
France	2,955	4,661
Germany	8,830	5,020
Netherlands	1,077	253
Switzerland	649	3,523
United Kingdom	20,373	24,166
Other Europe	5,140	1,801
<b>Latin America and Other Western Hemisphere</b>	<b>1,607</b>	<b>1,418</b>
South and Central America	182	(D)
Other Western Hemisphere	1,425	(D)
<b>Africa</b>	<b>(D)</b>	<b>(D)</b>
<b>Middle East</b>	<b>1,738</b>	<b>(D)</b>
<b>Asia and Pacific</b>	<b>11,469</b>	<b>4,800</b>
Australia	9,032	2,885
Japan	1,544	986
Other Asia and Pacific	893	929
<b>United States <sup>1</sup></b>	<b>(D)</b>	<b>(D)</b>

<sup>p</sup> Preliminary.

<sup>r</sup> Revised.

D Suppressed to avoid disclosure of data of individual companies.

1. 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, 2003-2004**

	2003 <sup>r</sup>					2004 <sup>p</sup>				
	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>219,072</b>	<b>54,549</b>	<b>2,037</b>	<b>166.1</b>	<b>47,711</b>	<b>313,042</b>	<b>64,077</b>	<b>3,560</b>	<b>193.0</b>	<b>227,323</b>
Manufacturing	12,105	9,530	76	34.9	1,456	29,191	20,695	899	48.3	4,568
Wholesale trade	1,388	3,478	2	4.2	166	(D)	1,904	24	I	23
Retail trade	1,551	6,399	(D)	30.0	(D)	(D)	(D)	(D)	K	(D)
Information	20,813	11,387	-767	14.0	(D)	3,058	(D)	-67	1.7	0
Depository institutions	42,541	2,933	602	11.8	(D)	60,886	3,960	(D)	13.6	71
Finance (except depository institutions) and insurance	115,576	11,201	2,043	31.6	79	193,612	20,461	1,505	23.4	139
Real estate and rental and leasing	3,829	539	79	1.1	4,344	6,766	791	62	H	3,659
Professional, scientific, and technical services	2,130	1,709	(D)	8.0	164	4,208	2,387	(D)	14.2	(D)
Other industries	19,138	7,372	229	30.4	40,404	9,713	4,252	275	38.5	218,816

<sup>p</sup> Preliminary.

<sup>r</sup> Revised.

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1. One hectare equals 2.471 acres. Thus, for all industries, acres of land owned in 2003 were 117,894, and in 2004 were 561,715.

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.

Size ranges are given in employment cells that are suppressed. The size ranges are: A--1 to 499; F--500 to 999; G--1,000 to 2,499; H--2,500 to 4,999; I--5,000 to 9,999; J--10,000 to 24,999; K--25,000 to 49,999; L--50,000 to 99,999; M--100,000 or more.

Source: U.S. Bureau of Economic Analysis