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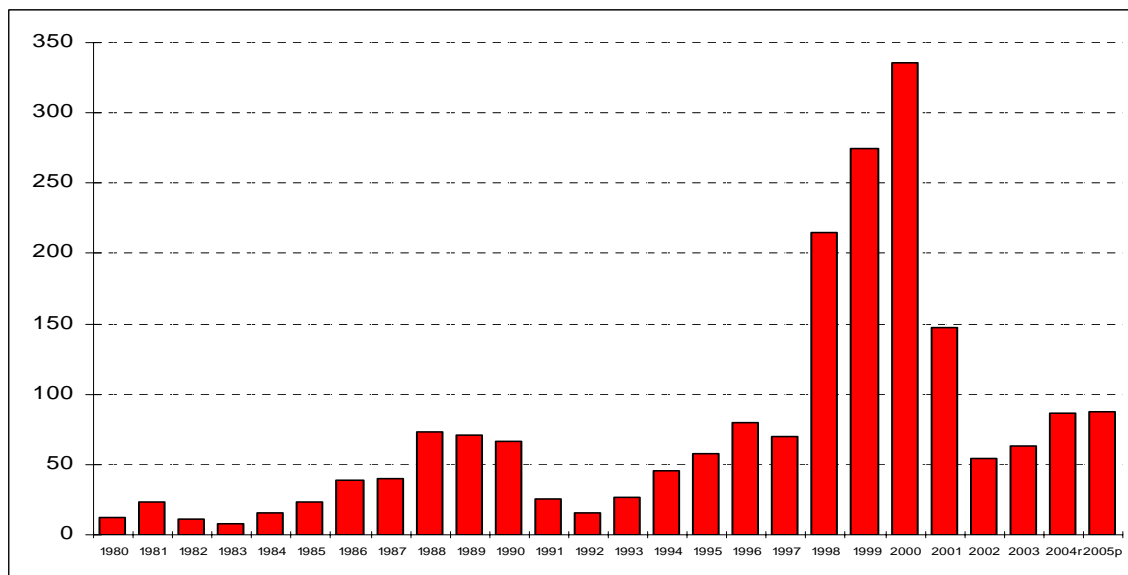
BEA 06-22

**Foreign Direct Investors' Outlays to Acquire or Establish  
U.S. Businesses Changed Little in 2005**

In 2005, outlays by foreign direct investors to acquire or establish U.S. businesses were \$86.8 billion, little changed from the \$86.2 billion in outlays in 2004. Outlays remained considerably below those in 1998-2001, when new investment outlays were historically high, ranging from \$147.1 billion to \$335.6 billion.

**Outlays for New Investment in the United States  
by Foreign Direct Investors, 1980-2005**

Billion \$



p – Preliminary

r – Revised

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Outlays increased substantially in manufacturing, information, and depository institutions. Together, these three sectors accounted for 58 percent of total outlays. The increase in information was the first increase since 1999. Outlays in finance (except depository institutions) and insurance declined sharply, by \$20.0 billion, or 76 percent.

Outlays from Europe increased substantially, particularly those by investors in the United Kingdom, Germany, and the Netherlands. Outlays from the Asia and Pacific and Middle East regions also increased substantially. For the Asia and Pacific region, the increase was largely accounted for by Japanese and Australian investments. These increases were partly offset by a decline in investment outlays from Canada, where outlays had risen sharply in 2004.

### Outlays in 2005

In 2005, as in previous years, outlays by foreign direct investors to acquire existing U.S. businesses (at \$79.2 billion) were significantly larger than outlays to establish new U.S. businesses (at \$7.6 billion).

By industry, outlays in manufacturing increased to \$31.3 billion from \$18.3 billion in 2004. Transportation equipment, primary metals, and chemicals had the largest increases within manufacturing. Investment growth in industries other than motor vehicles accounted for most of the increase in transportation equipment. Outlays in information increased for the first time since 1999, to \$9.6 billion from \$4.3 billion in 2004. The telecommunications and publishing sub-sectors had the largest increases within information. The major sector posting the largest decrease in outlays was finance (except depository institutions) and insurance.

By country of ultimate beneficial owner, outlays by European investors increased to \$57.2 billion from \$43.8 billion in 2004. British investment accounted for over half of European outlays. Investment from the Netherlands increased substantially to \$3.1 billion. Asia and Pacific region outlays also rose in 2005, increasing to \$10.7 billion from \$6.0 billion in 2004. This increase reflected larger outlays from Australia as well as the first increase in outlays from Japan since 2000. Canadian outlays declined 58 percent to \$13.3 billion from \$31.5 billion in 2005.

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 2005 are preliminary. The estimate of outlays for 2004 has been revised up 8 percent from the preliminary estimate published last year.

Employment and assets of newly acquired or established businesses

Newly acquired or established businesses employed 223,800 people in 2005, up 6 percent from 211,600 in 2004. Manufacturing accounted for the largest share of employment, with 92,200 employees. The total assets of newly acquired or established businesses were \$170.5 billion, down from \$308.6 billion in 2004.

\* \* \*

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 2005 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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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers.

(202) 606-5306 Gross domestic product  
606-5303 Personal income and outlays

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**Table 1. Investment Outlays by Type of Investment and Investor, 1992-2005**

[Millions of dollars]

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 <sup>r</sup>	2005 <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>86,219</b>	<b>86,823</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	72,738	79,220
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	13,481	7,603
<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	34,184	43,579
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	52,035	43,244

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Source: U.S. Bureau of Economic Analysis

**Table 2. Distribution of Investment Outlays by Size, 1992-2005**

[Percent]

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 <sup>r</sup>	2005 <sup>p</sup>
<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>
\$5 billion or more	0	0	0	(D)	0	0	55	55	48	30	(D)	(D)	(D)	0
\$2 billion - \$4.999 billion	0	(D)	27	18	29	12	11	16	20	22	18	(D)	13	27
\$100 million - \$1.999 billion	42	51	51	48	55	67	27	24	27	40	45	43	47	65
Less than \$100 million	58	(D)	22	(D)	16	21	7	5	5	9	(D)	12	(D)	7

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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,  
2003-2005**

[Millions of dollars]

	2003	2004 <sup>r</sup>	2005 <sup>p</sup>
<b>All industries</b>	<b>63,591</b>	<b>86,219</b>	<b>86,823</b>
<b>Manufacturing</b>	<b>10,750</b>	<b>18,251</b>	<b>31,286</b>
Food	2,516	2,146	736
Beverages and tobacco products	(D)	(D)	(D)
Textiles, apparel, and leather products	(D)	(D)	0
Paper	(D)	120	0
Printing and related support activities	(D)	(D)	116
Petroleum and coal products	(D)	(D)	219
Chemicals	1,164	4,751	6,067
Plastics and rubber products	498	84	1,157
Nonmetallic mineral products	(D)	153	(D)
Primary metals	91	(D)	5,546
Fabricated metal products	123	(D)	116
Machinery	122	642	287
Computers and electronic products	2,125	2,934	4,030
Electrical equipment, appliances, and components	139	(D)	861
Transportation equipment	225	1,199	7,086
Other	462	969	4,923
<b>Wholesale trade</b>	<b>1,086</b>	<b>(D)</b>	<b>2,292</b>
<b>Retail trade</b>	<b>941</b>	<b>3,073</b>	<b>2,166</b>
<b>Information</b>	<b>9,236</b>	<b>4,315</b>	<b>9,639</b>
Publishing industries	1,431	1,274	2,822
Motion picture and sound recording industries	278	(D)	(D)
Telecommunications	(D)	(D)	4,219
Other	(D)	2,783	(D)
<b>Depository institutions</b>	<b>4,864</b>	<b>(D)</b>	<b>9,609</b>
<b>Finance (except depository institutions) and insurance</b>	<b>23,511</b>	<b>26,234</b>	<b>6,196</b>
<b>Real estate and rental and leasing</b>	<b>2,817</b>	<b>6,335</b>	<b>5,532</b>
<b>Professional, scientific, and technical services</b>	<b>1,955</b>	<b>(D)</b>	<b>6,879</b>
<b>Other industries</b>	<b>8,429</b>	<b>10,121</b>	<b>13,224</b>

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Source: U.S. Bureau of Economic Analysis

**Table 4. Investment Outlays by Country of Ultimate Beneficial Owner, 2003-2005**

[Millions of dollars]

	2003	2004 <sup>r</sup>	2005 <sup>p</sup>
<b>All countries</b>	<b>63,591</b>	<b>86,219</b>	<b>86,823</b>
<b>Canada</b>	<b>9,157</b>	<b>31,502</b>	<b>13,269</b>
<b>Europe</b>	<b>39,024</b>	<b>43,815</b>	<b>57,244</b>
France	2,955	6,415	6,105
Germany	8,830	4,788	7,110
Netherlands	1,077	461	3,110
Switzerland	649	6,505	2,237
United Kingdom	20,373	23,288	30,310
Other Europe	5,140	2,358	8,372
<b>Latin America and Other Western Hemisphere</b>	<b>1,607</b>	<b>2,629</b>	<b>2,398</b>
South and Central America	182	1,382	763
Other Western Hemisphere	1,425	1,247	1,634
<b>Africa</b>	<b>(D)</b>	<b>(D)</b>	<b>0</b>
<b>Middle East</b>	<b>1,738</b>	<b>1,318</b>	<b>3,156</b>
<b>Asia and Pacific</b>	<b>11,469</b>	<b>6,015</b>	<b>10,655</b>
Australia	9,032	3,850	5,148
Japan	1,544	1,027	3,565
Other Asia and Pacific	893	1,139	1,942
<b>United States <sup>1</sup></b>	<b>(D)</b>	<b>(D)</b>	<b>101</b>

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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, 2004-2005**

	2004 <sup>r</sup>					2005 <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>308,638</b>	<b>67,336</b>	<b>3,644</b>	<b>211.6</b>	<b>169,963</b>	<b>170,462</b>	<b>65,934</b>	<b>2,757</b>	<b>223.8</b>	<b>35,721</b>
Manufacturing	33,008	22,089	954	61.5	(D)	37,911	40,308	1,819	92.2	15,030
Wholesale trade	(D)	3,305	71	9.4	157	2,283	2,962	41	6.0	155
Retail trade	(D)	9,742	137	K	149	3,099	3,012	48	14.4	(D)
Information	4,426	1,424	-87	H	(D)	12,985	4,837	-73	8.7	(D)
Depository institutions	(D)	(D)	(D)	11.8	62	59,398	3,194	348	17.0	303
Finance (except depository institutions) and insurance	184,747	18,700	1,335	20.9	(D)	17,681	1,536	197	5.6	(D)
Real estate and rental and leasing	8,285	(D)	(D)	2.8	4,019	15,099	1,218	283	2.7	12,524
Professional, scientific, and technical services	3,973	2,296	-7	13.9	(D)	6,430	2,581	-64	17.4	(D)
Other industries	13,952	(D)	(D)	44.7	33,469	15,577	6,285	158	59.8	7,697

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1. One hectare equals 2.471 acres. Thus, for all industries, acres of land owned in 2004 were 419,979 and in 2005 were 88,267.

Notes. 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