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INVEST

FOREIGN DIRECT INVESTMENT

According to UNCTAD's [World Investment Report 2023](#), FDI flows to the U.S. stood at USD 285 billion in 2022. Albeit a 26.5% decrease year-on-year (due to the halving of cross-border M&A values), the U.S. were still the biggest recipient of FDI worldwide. The decline in mergers and acquisitions directly influenced the equity portion of FDI, experiencing a 35% drop. Inflows notably decreased in the chemicals, computer and electronic products, and finance sectors. However, the information and communication industry maintained its status as the largest recipient, with a USD 51 billion influx, marking a 21% rise from 2021. For the year as a whole, a total of 2,075 greenfield investment announcements were made, the largest number globally. The U.S. FDI stock reached USD 10.46 trillion in 2022, around 41.1% of the country's GDP. According to data from the U.S. International Trade Administration, the main investing countries in the U.S. are Japan (USD 721 billion), Canada (USD 607.2 billion), Germany (USD 498.6 billion), and the United Kingdom (USD 439 billion), with Europe as a whole accounting for USD 2.8 trillion. Foreign direct investment in the United States remains centred on the manufacturing sector, representing 42.4% of the total investment. Additionally, substantial investments are observed in finance and insurance (10.6%) as well as wholesale trade (9.7%). The latest data available from the OECD shows that in the first semester of 2023, FDI inflows to the U.S. totalled USD 189.5 billion, marking an 8.4% increase compared to the same period one year earlier.

Investing through FDI in the United States offers several advantages, including access to a large and diverse market, a stable political environment, advanced infrastructure, a skilled labour force, and robust legal protections for investors. Additionally, the U.S. has a culture of innovation and entrepreneurship, fostering opportunities for growth and development. However, there are also potential disadvantages to consider, including high operational costs, complex regulatory requirements, fierce competition, and potential cultural and communication challenges when operating in a diverse and dynamic market like the U.S. Additionally, political and policy changes can impact investment conditions and may introduce uncertainty for foreign investors. On 15 September 2022, President Joe Biden issued an Executive Order providing formal guidance to the Committee on Foreign Investment in the United States (CFIUS) on factors to be considered when conducting national security reviews of FDI. Executive Order 14083 "Ensuring Robust Consideration of Evolving National Security Risks by the Committee on Foreign Investment in the United States" directs CFIUS to consider five specific factors: i) the transaction's effect on the resilience of critical U.S. supply chains; ii) the transaction's effect on U.S. technological leadership in specified industries; iii) investment trends that may have consequences for a given transaction's impact on national security; iv) cybersecurity risks; v) risks to U.S. persons' sensitive data. The U.S. ranks 3rd among the 132 economies on the [Global Innovation Index 2023](#), 25th out of 184 countries on the [2023 Index of Economic Freedom](#), and 24th in the latest [Corruption Perception Index](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	95,882	387,780	285,057
FDI Stock <i>(million USD)</i>	10,292,403	13,056,382	10,461,684
Number of Greenfield Investments*	1,655	1,691	2,075

Foreign Direct Investment	2020	2021	2022
Value of Greenfield Investments (million USD)	69,275	95,635	163,858

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	United States	OECD	Germany
Index of Transaction Transparency*	7.0	6.5	5.0
Index of Manager's Responsibility**	9.0	5.3	5.0
Index of Shareholders' Power***	9.0	7.3	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN THE UNITED STATES

Strong Points

The United States' strong points include:

- The United States offers the largest consumer market on earth with a GDP of \$23 trillion and 333.9 million people.
- The US has the first world economy, solid and performance in various sectors
- A dominant position in R&D
- A flexible and reactive employment market
- A very good quality of national statistics
- 70% of public debt held by Americans
- The American workforce has a comparatively high level of qualifications and is considered to be one of the most productive and innovative in the world
- The dollar is central to the world economic system
- Notably thanks to the shale gas, the country is on his way to energetic autonomy
- The development of regional 'clusters' (collections of companies in the same activity sector in a geographic area) is very attractive to foreign investors

Weak Points

Weak points for FDI in the US:

- The US market is very competitive. Consumers are accustomed to have many choices and are not necessarily brand loyalists
- A high number of Americans are unemployed and outside the employment market
- A decreasing productivity

- High public debt
- Polarised political landscape
- Strong socio-economic disparities
- Infrastructure network is partially in decay
- A risk of explosion of the student loan bubble
- Strong dollar increases the trade deficit

Government Measures to Motivate or Restrict FDI

The US is the world's largest recipient of foreign direct investment (FDI). The US government policies on taxation and regulation offer foreign investors wide freedom. Nevertheless investments controlled by foreign governments may be subject to restrictions.

Foreign investment is reviewed by the Committee on Foreign Investment in the United States (CFIUS) to consider national security risks that may be present in a foreign investment in a US business. In 2018, Congress passed, and the President signed into law, the [Foreign Investment Risk Review Modernisation Act \(FIRRMA\)](#) which aims to modernise and reinforce the [Committee of Foreign investments \(CFIUS\)](#) in order to watch investments that may cause problems for the national security of the United States. FIRRMA was finally adopted in February 2020. Until the adoption of FIRRMA, there was no concept of a mandatory filing for any acquisition or investment (controlling or non-controlling). FIRRMA established the requirement of a mandatory filing for investments in 27 specific industries (pilot programme industries) involving so-called 'critical technologies', "critical infrastructure" and "sensitive personal data".

In October 2017, Congress also adopted the [United States Foreign Investment Review Act](#) which will allow the Department of Commerce to examine the economic effects of certain foreign investments. Certain sectors are particularly targeted because they are regarded as strategic for the US. And FDI coming from certain countries is being more carefully screened. More information on these decrees is available [here](#).

SelectUSA is a program led by the U.S. Department of Commerce that facilitates and promotes job-creating business investment into the United States. For more information about FDI incentives, click [here](#).

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

Biotechnology, high technology, telecommunications and information and communication technologies, aerospace industry, automobile, chemical industry, real estate, food-processing industry, hydrocarbons (especially shale gas exploitation), agriculture, financial sector, pharmaceutical industry, consumer goods, logistics, tool machine, cultural industry, medical technology, finance and insurance.

High Potential Sectors

Renewable energy, environmental technologies, semi-conductor device industry.

Privatization Programmes

With Biden's victory in the presidential elections in November 2020, there should be no forthcoming privatisation of industrial sectors.

Tenders, Projects and Public Procurement

[SAM.gov](#), U.S. Federal Government Procurement

[Tenders Info](#), Tenders in United States

[DgMarket](#), Tenders Worldwide

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

Energy, defence, alcoholic beverages sale.

Sectors in Decline

Textile, print media, computer hardware, leather products manufacturing.

Finding Assistance For Further Information

Investment Aid Agency

[Select USA](#) (U.S. government-wide program led by the U.S. Department of Commerce)

[Invest in America](#) (International Trade Administration - U.S. Government Body)

Other Useful Resources

[Economic Development Administration \(EDA\)](#)

Doing Business Guides

[Doing business in the United States \(Hogan Lovells Guide\)](#)

[Doing Business in the United States \(PwC Guide\)](#)

[Global tax guide to doing business in the United States \(Dentons\)](#)