

## FOREIGN DIRECT INVESTMENT

The percentage of each state's workforce employed by foreign companies.

**Why Is This Important?** Foreign direct investment (FDI) includes significant investments by foreign companies, such as construction of production facilities or ownership stakes taken in U.S. companies. Incoming FDI continues to grow, from \$137 billion in 1979, to \$305 billion in 1989, to \$451 billion in 1999 (in constant 1999 dollars) and from 2.3 percent of GDP, to 4.9 percent.<sup>17</sup>

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**The Rankings:** With the exception of Hawaii, which has the top score because of its proximity to Asia, most states that score well are on the East Coast. This is in large part because most FDI comes from Europe and Canada. In 1999, Europe accounted for 65 percent of all FDI in the United States, with Asia accounting for less than 20 percent. European companies have invested in East Coast states in part because of their proximity to their corporate headquarters and because of the access to densely populated markets.

Percentage of workforce employed by foreign companies		
The top five		
1	Hawaii	8.3%
2	South Carolina	7.4%
3	Delaware	6.9%
4	North Carolina	6.7%
5	New Jersey	6.3%
<b>U.S. average</b>		<b>4.7%</b>

Source: Bureau of Economic Analysis, 1999 data.

