

Foreign Direct Investment (FDI) in the United States contributes to productivity growth, generates U.S. exports, and creates high-paying jobs for American workers.

- **Foreign Direct Investment Creates New Jobs:** U.S. affiliates of foreign companies (majority owned) employ over 5 million U.S. workers, or 4.4% of private industry employment.²
- **Foreign Direct Investment Brings in R&D:** Affiliates of foreign companies spent nearly \$32 billion on research and development and \$121 billion on plants and equipment in 2005.⁵
- **Foreign Direct Investment Increases U.S. Exports:** Approximately 19% (\$169.2 billion) of all U.S. exports came from U.S. subsidiaries of foreign companies in 2005.⁶
- **Foreign Direct Investment Boosts Wages:** Foreign companies support an annual U.S. payroll of \$335.9 billion, with average annual compensation per employee of over \$66,000.⁷ On average, U.S. subsidiaries of foreign firms pay 25 percent higher wages and salaries than that of domestically owned companies.⁸

Foreign Direct Investment in Kentucky plays a vital role in supporting jobs in the state. U.S. subsidiaries of foreign firms now employ 86,000 workers in Kentucky.⁹

- Kentucky has proven to be an attractive location for international employers, ranking 19th in the United States in the number of employees supported by U.S. subsidiaries.
- In fact, the relative portion of jobs in the state supplied by U.S. subsidiaries remains strong. They provide the livelihood for 5.6% of Kentucky's private-sector workforce.
- Kentucky ranks 9th in the country in the share of its workforce supported by U.S. subsidiaries.
- U.S. subsidiaries support 44,800 manufacturing jobs in Kentucky. Manufacturing companies tend to have a strong "multiplier" effect on the economy—stimulating a substantial amount of activity and jobs in other sectors through their demand for inputs from other suppliers.
- Seventeen percent of manufacturing jobs in Kentucky are supported by U.S. subsidiaries.
- U.S. subsidiaries' employment in Kentucky is heavily concentrated in manufacturing. Over 50% of these jobs are in manufacturing industries.

Examples of Recent Foreign Investments in Kentucky:¹⁰

- October 2007 - Halton Group (Finland) is investing \$2.2 Mn in the city of Scottsville in the industrial machinery sector in a manufacturing project, creating 60 jobs.
- September 2007 - Panariagroup Industrie (Italy) is investing \$15 Mn in the city of Lawrenceburg in the ceramics & glass sector in a manufacturing project, creating 67 jobs. The \$15 million investment revitalizes production at the facility, while securing 121 existing jobs. Anticipated growth in production over the next few years is expected to result in the addition of 67 new jobs.
- August 2007 - Bruss (Germany) is investing \$24 Mn in the city of Russell Springs in the automotive components sector in a manufacturing project, creating 150 jobs.

¹ UNCTAD "Foreign Direct Investment Database"; ² Bureau of Economic Analysis, "Foreign Direct Investment in the U.S.: Financial and Operating Data"; ³ U.S. Department of the Treasury "Fact Sheet: An open Economy is Vital to U.S. Prosperity," May 2007 www.treas.gov/press/releases/hp395.htm; ⁴ Bureau of Economic Analysis "Foreign Direct Investment in the U.S.: Financial and Operating Data"; ⁵ Ibid; ⁶ Ibid; ⁷ Ibid; ⁸ Bureau of Economic Analysis, "Foreign Direct Investment in the U.S.: Financial and Operating Data"; ⁹ Language and data for "Foreign Direct Investment in Kentucky" taken from Organization for International Investment "Insourcing Jobs by State" (2008). ¹⁰ Language and data taken from OCO Monitor, April 2008, <http://www.ocomonitor.com/>.