

**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.<sup>2</sup>
- **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.<sup>5</sup>
- **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.<sup>6</sup>
- **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.<sup>7</sup> On average, U.S. subsidiaries of foreign firms pay 25 percent higher wages and salaries than that of domestically owned companies.<sup>8</sup>

**Foreign Direct Investment in Massachusetts** plays a vital role in supporting jobs in the state. U.S. subsidiaries of foreign firms now employ 167,500 workers in Massachusetts.<sup>9</sup>

- Massachusetts has proven to be an attractive location for international employers, ranking 12th 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 significant. They provide the livelihood for nearly 6% of Massachusetts's private-sector workforce.
- Massachusetts ranks 7th in the country in the share of its workforce supported by U.S. subsidiaries.
- U.S. subsidiaries support 31,700 manufacturing jobs in Massachusetts. 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.
- More than 10% of manufacturing jobs in Massachusetts are supported by U.S. subsidiaries.

### **Examples of Recent Foreign Investments in Massachusetts:**<sup>10</sup>

- **March 2008:** Socaplast (Belgium) is investing \$3.40 Mn in the city of Springfield in the *Plastics* sector in a Recycling project, creating 15 jobs.
- **October 2007:** Ice River Springs Water (Canada) is investing in the city of Pittsfield in the *Plastics* sector in a Manufacturing project, creating 50 jobs. Ice Springs plans to use the former building used by KB Toys to manufacture plastic water bottles.
- **June 2007:** Shire (UK) is investing \$394.00 Mn in the city of Lexington in the *Pharmaceuticals* sector in a Manufacturing project, creating 680 jobs. The division of Shire that is expanding is Human Genetic Therapies, which researches treatments of rare genetic diseases.
- **January 2007:** AstraZeneca (UK) is investing \$100.00 Mn in the city of Boston in the *Pharmaceuticals* sector in a Research & Development project, creating 100 jobs.

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<sup>1</sup> UNCTAD "Foreign Direct Investment Database"; <sup>2</sup> Bureau of Economic Analysis, "Foreign Direct Investment in the U.S.: Financial and Operating Data"; <sup>3</sup> 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](http://www.treas.gov/press/releases/hp395.htm); <sup>4</sup> Bureau of Economic Analysis "Foreign Direct Investment in the U.S.: Financial and Operating Data"; <sup>5</sup> Ibid; <sup>6</sup> Ibid; <sup>7</sup> Ibid; <sup>8</sup> Bureau of Economic Analysis, "Foreign Direct Investment in the U.S.: Financial and Operating Data"; <sup>9</sup> Language and data for "Foreign Direct Investment in Massachusetts" taken from Organization for International Investment "Insourcing Jobs by State" (2007). <sup>10</sup> Most recent FDI data and language accessed from OCO Monitor, April 2008, <http://www.ocomonitor.com/>.