

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 Pennsylvania plays a vital role in supporting jobs in the state. U.S. subsidiaries of foreign firms now employ 233,200 people in Pennsylvania.⁹

- Pennsylvania has proven to be an attractive location for international employers, ranking 4th 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 4.6% of Pennsylvania's private-sector workforce. Pennsylvania ranks 18th in the country in the share of its workforce supported by U.S. subsidiaries.
- U.S. subsidiaries support 78,700 manufacturing jobs in Pennsylvania. 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.
- Almost 12% of manufacturing jobs in Pennsylvania are supported by U.S. subsidiaries.
- U.S. subsidiaries' employment in Pennsylvania is heavily concentrated in manufacturing. Nearly 35% percent of these jobs are in manufacturing industries.

Examples of Recent Foreign Investments in Pennsylvania:¹⁰

- March 2008 - BAE Systems (UK) is investing \$40 Mn in the city of York in the space & defense sector in a manufacturing project, creating 600 jobs. Defense contractor BAE Systems plans to expand its facility in central Pennsylvania. The expansion of BAE's York-area facility is necessary to support the military's increasing demand for mine-resistant, ambush-protected vehicles. BAE plans to invest \$40 million in the project, and add more than 600 workers to the 1,600 already there.
- December 2007 - Innovation Development International Services (France) is investing \$10 Mn in the city of Philadelphia in the business services sector in a business services project, creating 142 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 Pennsylvania" taken from Organization for International Investment "Insourcing Jobs by State" (2007). ¹⁰ Language and data taken from OCO Monitor, April 2008, <http://www.ocomonitor.com/>.