

FACT SHEET: INTERNATIONAL INVESTMENT

SIGNIFICANT ECONOMIC BENEFITS FOR U.S. COMPANIES AND AMERICAN WORKERS

International investment, both by U.S. companies in other countries and by foreign companies in the United States, benefits U.S. companies and American workers by creating high-paying jobs, boosting exports, and spurring innovation in the United States. In a highly competitive global marketplace, openness to international investment contributes to the diversity and vitality of the U.S. economy. And with 95 percent of the world's population living outside our borders, international investment is critically important to bringing U.S. goods and services to foreign consumers.

Employment

International investment means well-paying jobs for American workers in the United States. Investing in foreign markets provides U.S. companies with stable sources of income, new growth opportunities, and supports the expansion of employment at headquarter offices in the United States. In 2009 (the latest year available), U.S. companies that had operations in foreign markets employed more than 23 million Americans here at home, accounting for 21 percent of total U.S. private sector employment. In the same year, the U.S. subsidiaries of foreign companies employed more than 5 million Americans, which was 4.9 percent of total U.S. private sector employment. Nearly forty percent of these "insourced" jobs (employing nearly 2 million Americans) were in manufacturing sector.

Compensation

The jobs supported by companies engaged in international investment tend to pay American workers more than the U.S. average. For example, in 2009, U.S. firms with investments overseas paid their American workers compensation of \$1.6 trillion or \$69,208 per employee, 21 percent higher than the U.S. private sector average. Similarly, the U.S. affiliates of foreign-based firms paid their U.S. employees compensation of \$410 billion or \$76,597 per employee, 34 percent higher than the U.S. private sector average.

Exports

International investment is a powerful tool for boosting U.S. exports. American companies that have invested overseas are responsible for \$578 billion of U.S.-produced goods sold abroad, or some 55 percent of total U.S. exports. Indeed, U.S. investments in foreign markets act as magnets for U.S. exports, with 20 percent of total U.S. goods exports accounted for by intra-firm transfers between U.S. parent companies and their foreign subsidiaries. The U.S. subsidiaries of companies headquartered overseas are

also active exporters, sending almost \$220 billion of goods overseas, and accounting for an additional 21 percent of total U.S. goods exports.

Other Benefits

International investment is also responsible for many other related economic benefits for U.S. companies and their American workers. Engagement in international investment creates economies of scale and generates new business activity that feeds into investment, job creation, growth, and innovation throughout the U.S. economy. Taken together, U.S. companies engaged in international investment (U.S. parent companies with foreign affiliates and U.S. subsidiaries of foreign companies) were responsible for 84 percent of **research and development** (R&D) performed by U.S. companies in 2009, expending \$170 billion on R&D. These companies spent \$564 billion on **capital investments** in property, plants, and equipment in the United States, and were responsible for \$3 trillion of U.S. **value added**, or 25 percent of U.S. private sector GDP.

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