

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 Arizona plays a vital role in supporting jobs in the state. U.S. subsidiaries of foreign firms now employ 64,400 workers in Arizona - an increase of 5.9% over five years.⁹

- Arizona has proven to be an attractive location for international employers, ranking 25th 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. U.S. subsidiaries provide the livelihood for 3% of Arizona's private-sector workforce.
- U.S. subsidiaries support 13,100 manufacturing jobs in Arizona. 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 7% of manufacturing jobs in Arizona are supported by U.S. subsidiaries.
- U.S. subsidiaries' employment in Arizona is heavily concentrated in manufacturing. Over 20% of these jobs are in manufacturing industries.

Examples of Recent Foreign Investments in Arizona:¹⁰

- January 2008 - MDS (Canada) is investing \$25 Mn in the city of Tempe in the pharmaceuticals sector in a research & development project.
- September 2007 - Cemex (Mexico) is investing \$400 Mn in the city of Seligman in the building & construction materials sector in a manufacturing project, creating 110 jobs. Cemex plans to build a \$400 million cement plant near Seligman. The company has secured a 7,500-acre site. The plant would bring 700 construction jobs and approximately 110 people would work at the plant when it opens in 2011. The new plant will have a 1.9 million ton annual capacity.
- September 2007 - Errebi Group (Italy) is investing \$9.7 Mn in the city of Phoenix in the textiles sector in a retail project, creating 55 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 Arizona" 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/>.