

Foreign Direct Investment in Florida

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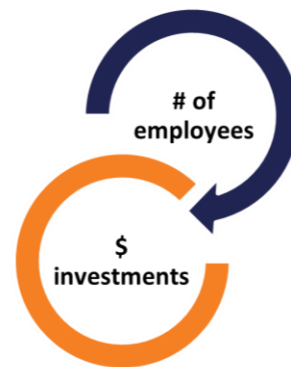


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Executive Summary

Florida is a key location for foreign direct investment (FDI) among U.S. states. There are two main ways that FDI is measured at the state-level using federal data: by employment and by the long-term dollar investments in the form of gross property, plant, and equipment (gross PP&E) at Florida affiliates of foreign-owned firms. The U.S. Bureau of Economic Analysis (BEA) provides these data for both *majority* foreign-owned firms (>50 percent foreign ownership) and *all* foreign-owned firms (>10 percent foreign ownership) in Florida.



In 2021, **majority foreign-owned firms** accounted for 358,200 Florida jobs, employing 16,100 more Floridians than the year prior and yielding 4.7 percentage annual growth. As a result, Florida ranks 1st in the Southeast and 5th in the nation among U.S. states for employees attributed to majority foreign-owned firms. Over the past ten years, **employment** at Florida affiliates of majority foreign-owned firms has increased by more than 115,000 jobs (47.7 percent), signaling long-term growth and development in the state. Most foreign direct investment in Florida is related to European and Canadian firms, accounting for two-thirds of affiliate employment in Florida. In addition, Japan ranks fifth among investing countries and accounts for half of Asia-Pacific investment by affiliate employment in the state. Latin America investment remains low, comparably, at 6.7 percent of total FDI. While European FDI employment decreased slightly, all other world regions have seen increases in FDI employment in Florida. Traditional industries, such as manufacturing, retail, wholesale, and real estate topped the charts for FDI employment in Florida. Nonetheless, finance, information, and scientific services have all showed impressive growth.

Long-term, brick-and-mortar investments in Florida, represented by gross property, plant, and equipment (**gross PP&E**), by **majority foreign-owned firms** were valued at \$87.7 billion in 2021. Florida ranked 1st in the Southeast and 8th in the U.S. for majority foreign-owned investment in gross property, plant, and equipment in 2021.

When looking at **all foreign-owned firms**, FDI in Florida accounted for 417,300 Florida employees and \$97.7 billion in **gross PP&E**, up 4.5 percent from 2020. With an increase of nearly 15,000 jobs year-over-year, Florida had the 3rd largest increase in **employment** in the U.S. Over the past ten years, Florida has grown 60 percent in the number of jobs supported by all foreign-owned firms.

Significance of Foreign Direct Investment (FDI)

With unparalleled access to markets in Latin America and the Caribbean, a population of nearly 23 million, and a \$1.5 trillion economy, it is no wonder that foreign companies seek out Florida as a prime location for investment.

The state of Florida is a national leader in attracting companies from overseas and across U.S. territorial borders. With Florida's rapid growth over the past half century, the state has sought to position itself as the destination of choice for the industries of the future. Attracting both domestic and foreign companies is one key way to continue this economic growth. By investing in a wide variety of industries, foreign companies not only employ Floridians, but also bring new capital, expertise, technology, innovation, integration into global value chains, and market access. Jobs created by foreign firms can be lucrative for their employees as well. On average, wages paid by foreign-owned firms are seven percent higher than domestic companies while the wage premium for highly skilled workers is as high as twelve percent.¹

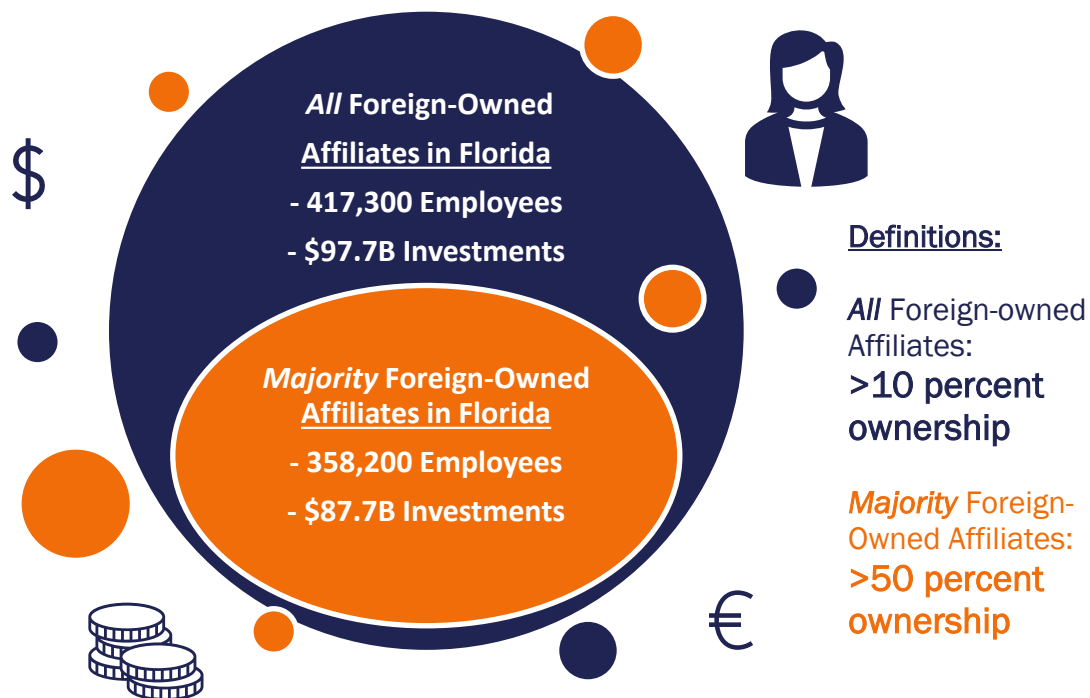
Inward FDI also expands the local tax base in Florida communities and increases the need for local service providers, yielding greater economic impact. Florida's participation in the global marketplace has allowed for the development of upstream and downstream industry linkages through clustering and enhanced human capital through worker training and knowledge spillovers. All these benefits help promote stability in the state's economy.

Foreign companies may choose to establish themselves in Florida by opening a foreign office through greenfield investment, by acquiring a location through merger & acquisition (M&A), or by expanding an existing presence in the state. Foreign multinational enterprises (MNEs) may have full, majority, or minority (at least 10 percent) share ownership of a Florida affiliate.

¹ SelectUSA, ["FDI from Small Businesses: Understanding the Behavior and Impact of Foreign-Owned SMEs in the U.S. Economy, 2020."](#)

Foreign Direct Investment (FDI) Highlights

The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce reports the following about Florida's role as a destination for foreign-owned companies:



Among *All* foreign-owned affiliates, Florida is:

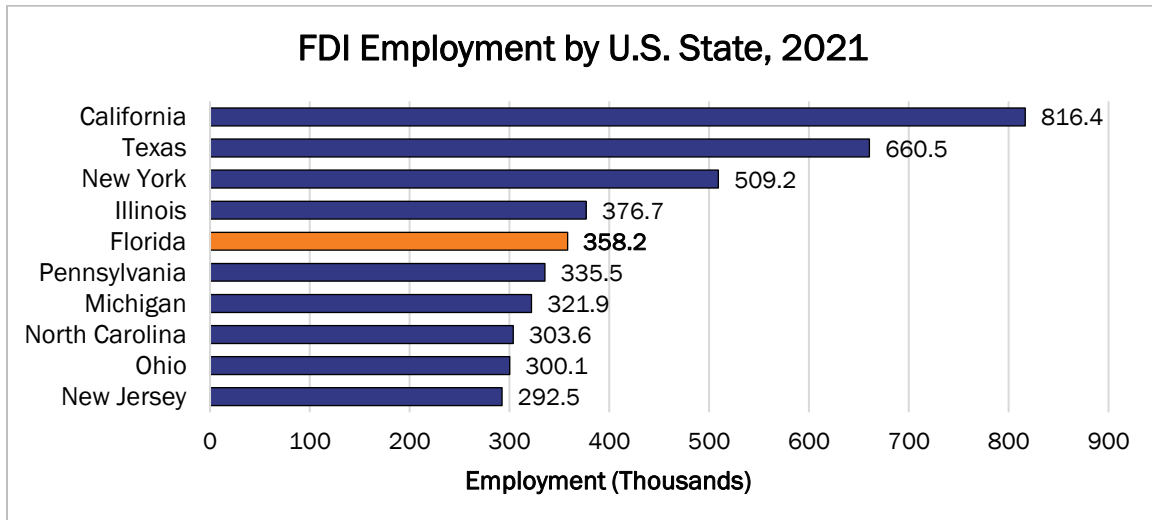
- 1st in the Southeast and 5th in the U.S. for employment (417,300 in 2021)
- 2nd in the Southeast and 9th in the U.S. for investment in gross property, plant, and equipment (\$97.7 billion in 2021)

Among *Majority* foreign-owned affiliates, Florida is:

- 1st in the Southeast and 5th in the U.S. for employment (358,200 in 2021)
 - 6th in the Southeast and 16th in the U.S. for the number of FDI-related manufacturing jobs (70,700)
 - 19.7 percent of all FDI jobs in Florida are in the manufacturing sector
- 1st in the Southeast and 8th in the U.S. for investment in gross property, plant, and equipment (\$87.7 billion in 2021)

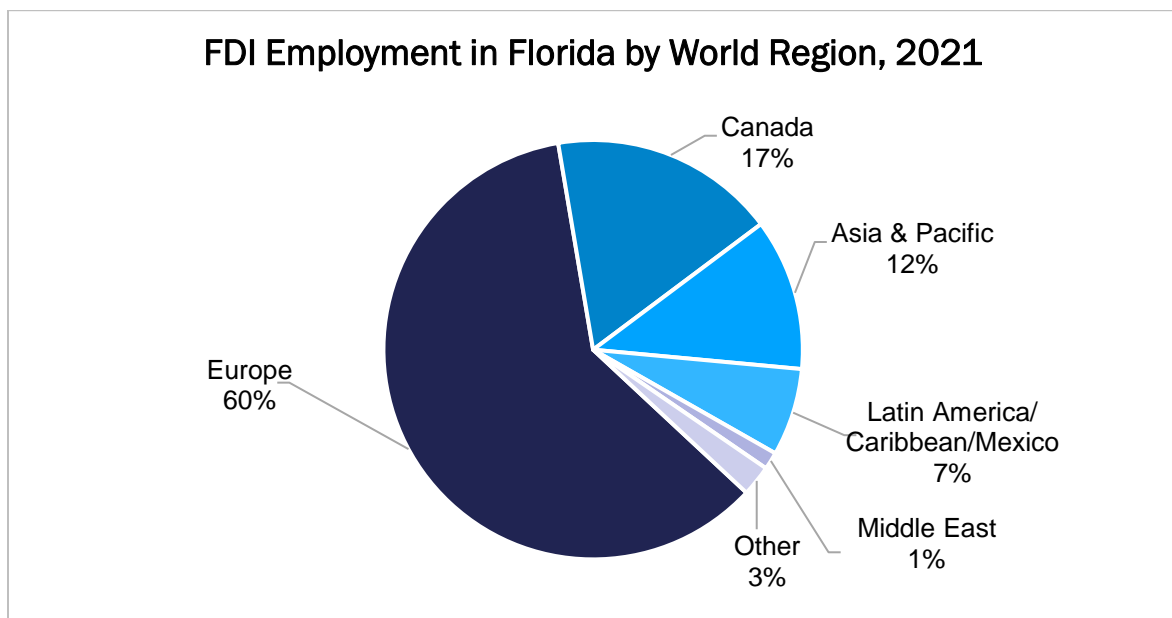
Employment at Majority Foreign-Owned Affiliates in Florida, 2021

1. State-by-state Comparison:



- According to the Bureau of Economic Analysis, Florida ranked **5th in the U.S.** in FDI employment and **1st in the Southeast** in 2021, accounting for **358,200 employees**.
- From 2011 to 2021, the number of employees at majority foreign-owned affiliates in Florida grew by 115,600 (47.7 percent).
- In 2021, majority foreign-owned firms employed 16,100 more Florida employees than the year prior (4.7 percentage growth).

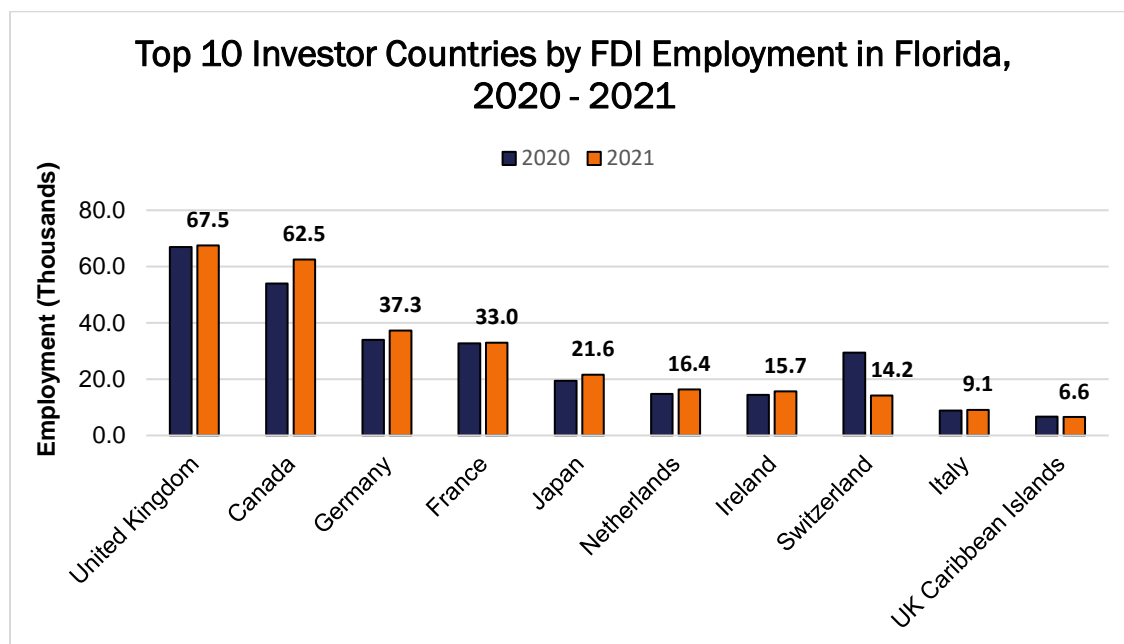
2. Foreign Investor Country Analysis:



- Majority foreign-owned companies from *Europe* account for the largest share of all FDI employment in Florida by far at 60 percent.
- *Canada* is the 2nd largest source of affiliate ownership, accounting for 17 percent, while companies from *Asia/Pacific* countries represent another 12 percent, with Japan accounting for the majority of this investment.
- Seven percent of FDI employment is attributed to companies from *Latin America/Caribbean/Mexico*.

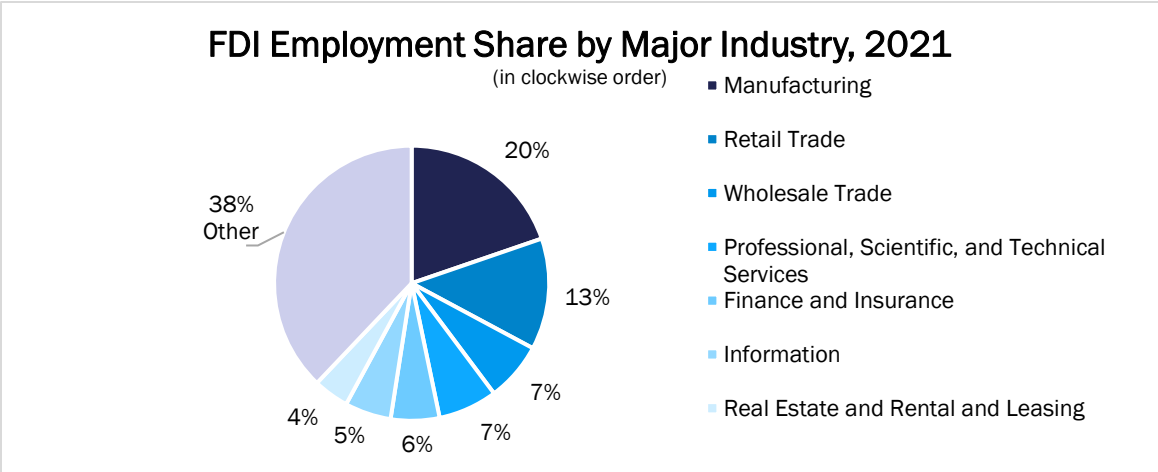
FDI Employment in Florida by World Region at Majority Foreign-Owned Firms (2021)	
Europe	216,300 jobs
Canada	62,500 jobs
Asia/Pacific	41,900 jobs
Latin America/Caribbean/Mexico	24,200 jobs
Middle East	4,800 jobs
Other	8,500 jobs
Total	358,200 jobs

- While European FDI employment decreased slightly, all other world regions have seen increases in FDI employment in Florida.



- Florida’s top ten foreign investor countries by FDI employment at majority-owned affiliates account for 79.3 percent of the state’s FDI employment, or 283,900 employees.
- Florida’s top three European investors—the UK, Germany, and France—and Canada account for a majority (55.9 percent) of FDI employment at majority-owned affiliates, or 200,300 Florida jobs.

3. Industry Analysis:



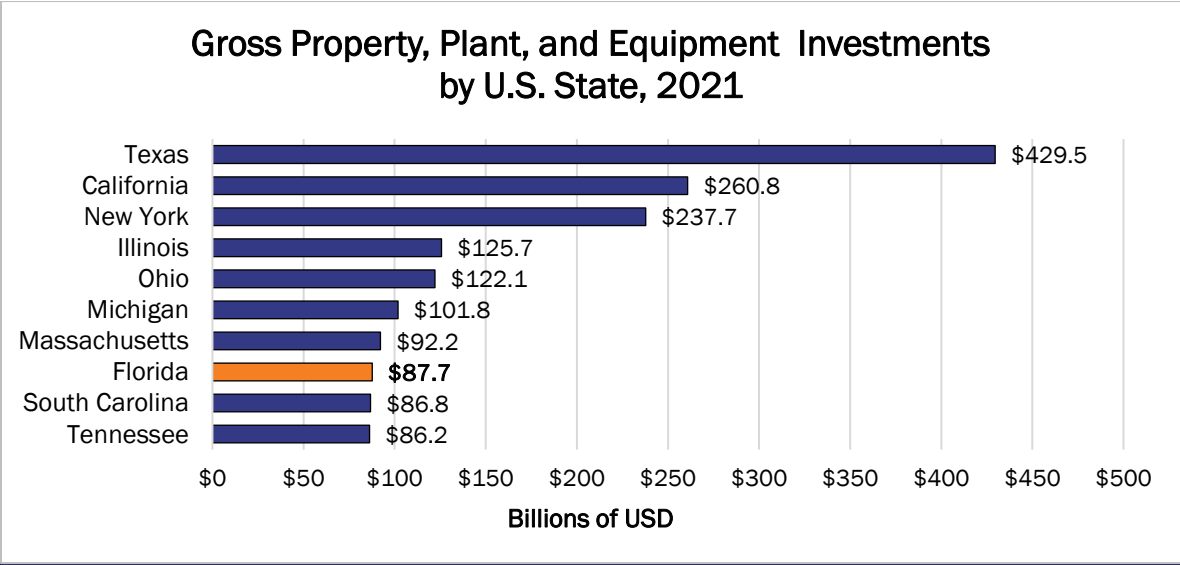
- *Manufacturing* employment at majority foreign-owned companies in Florida accounts for 70,700 jobs, the largest share of Florida FDI employment at 19.7 percent.

FDI Employment in Florida by Major Industry (2021)			
Industry of Affiliate	FDI Employment in Florida	Share of Total FDI Employment in Florida	FDI Employment Ranking Among U.S. States
Manufacturing	70,700 jobs	19.7%	16
Retail Trade	46,900 jobs	13.1%	6
Wholesale Trade	24,900 jobs	7.0%	8
Professional, Scientific, & Technical Services	24,900 jobs	7.0%	7
Finance and Insurance	20,500 jobs	5.7%	7
Information	19,500 jobs	5.4%	4
Real Estate and Rental and Leasing	15,000 jobs	4.2%	1
All Other	135,800 jobs	37.9%	3
Total	358,200 jobs	100.0%	5

- Florida ranks 16th in the nation in the number of FDI-related manufacturing jobs and is in the top ten for employment in every other industry.
- The state leads the nation in FDI-related jobs in *Real Estate and Rental & Leasing*, having 56 percent more employment than the next highest state (CA–9,600 employees).
- FDI employment in the *Professional, Scientific, and Technical Services* industry saw the largest increase, with 8,600 jobs added in 2021. This industry rose from 6th place in 2020 to tying for 3rd largest FDI industry in 2021, alongside *Wholesale Trade*. It has grown from a 4.6 percent share in 2020 to 7.0 percent share of FDI in Florida in 2021.

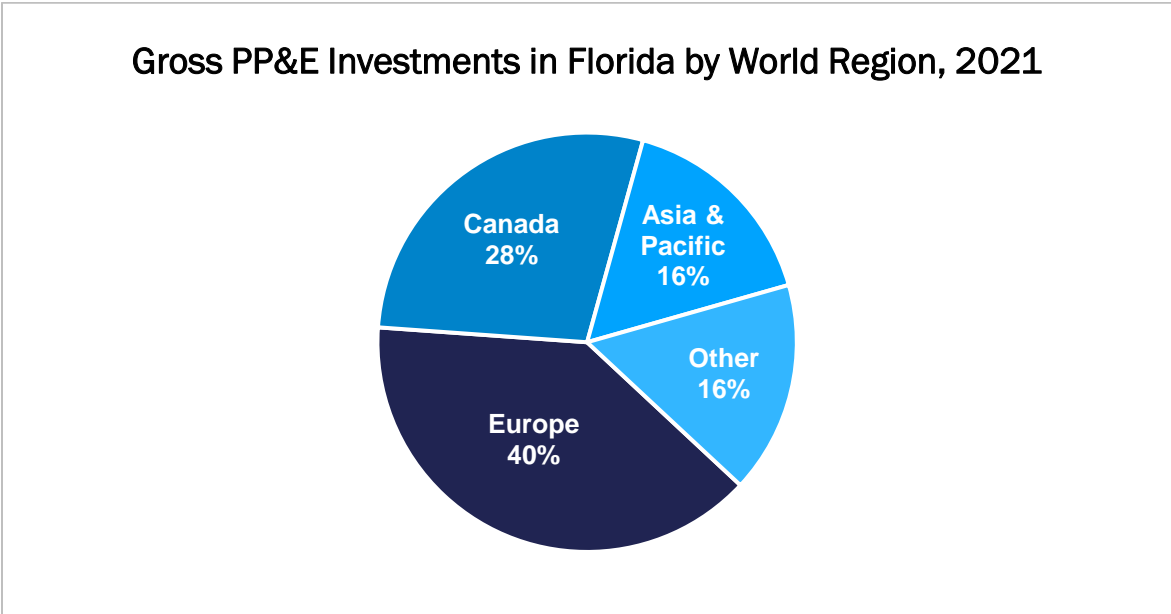
Gross Property, Plant, and Equipment (PP&E) Investments at Majority Foreign-Owned Affiliates in Florida, 2021

1. State-by-state Comparison:



- According to the Bureau of Economic Analysis, Florida ranked **1st in the Southeast** and **8th in the U.S.**, with **\$87.7 billion** in gross property, plant, and equipment.

2. Foreign Investor Country Analysis:



- Majority foreign-owned companies from Europe account for the largest share of investments at 40 percent of all FDI in gross property, plant, and equipment in Florida.

- Canadian-owned firms are the 2nd largest source accounting for 28 percent while companies from Asia/Pacific countries represent another 16 percent.
- Sixteen percent of FDI employment is attributed to companies from Latin America/Caribbean/Mexico and the Middle East.

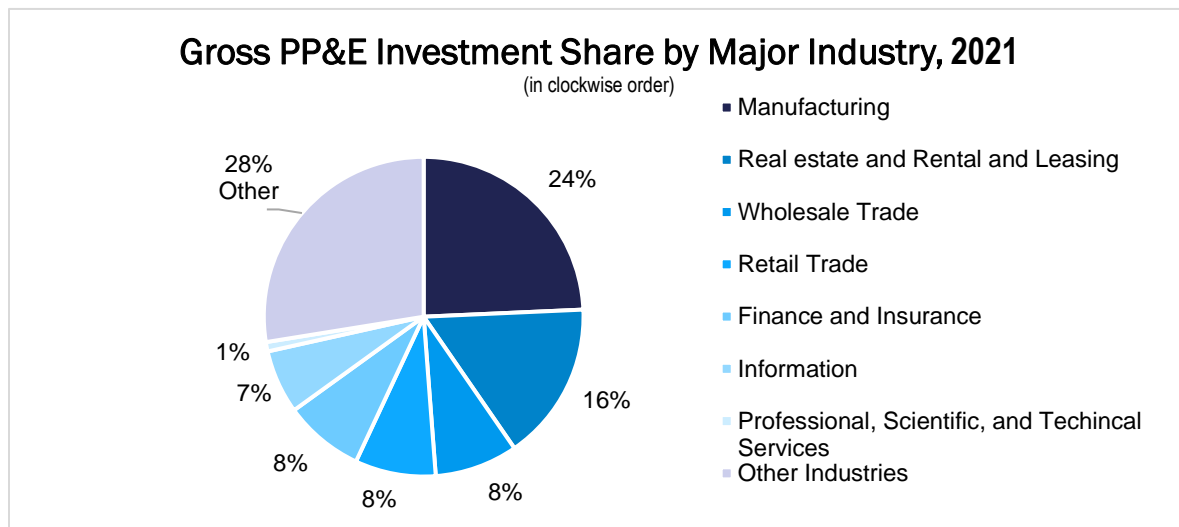
Gross PP&E Investments in Florida by World Region at Majority Foreign-Owned Firms (2021)* (in Millions of USD)	
Europe	\$34,376
Canada	\$24,707
Asia/Pacific	\$14,289
Other	\$14,345
Total	\$87,716

- At the country-level, Florida’s leading foreign investors based on gross property, plant, and equipment are dominated by Canada.

Gross PP&E Investments in Florida by Country (2021)* (in Millions of USD)	
Canada	\$24,707
Germany	\$9,871
United Kingdom	\$8,727
Japan	\$8,665
France	\$2,945
Switzerland	\$1,888
Netherlands	\$962
All Other	\$29,951
Total	\$87,716

**Only countries/regions with available BEA data are listed.*

3. Industry Analysis:

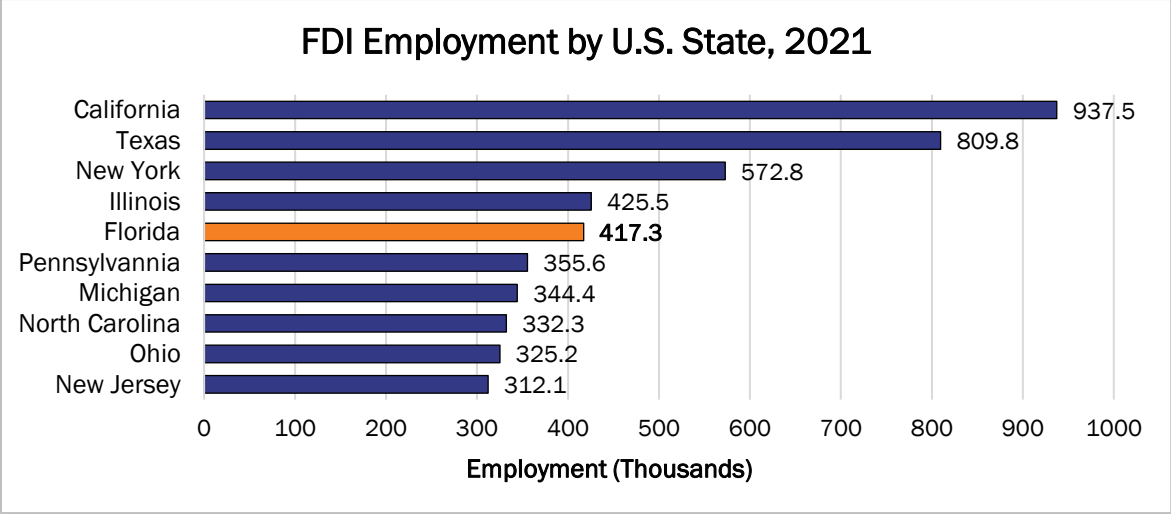


- Manufacturing investments in gross property, plant, and equipment at majority foreign-owned companies in Florida were \$21.3 billion, reaching nearly a quarter share of all FDI investment in gross PP&E.
- Florida ranks 19th in the nation in the number of FDI-related manufacturing investments and is in the top ten for gross PP&E investments in several major industries. The state ranks in the top three for Real Estate and Rental & Leasing; Retail Trade; and Finance and Insurance.

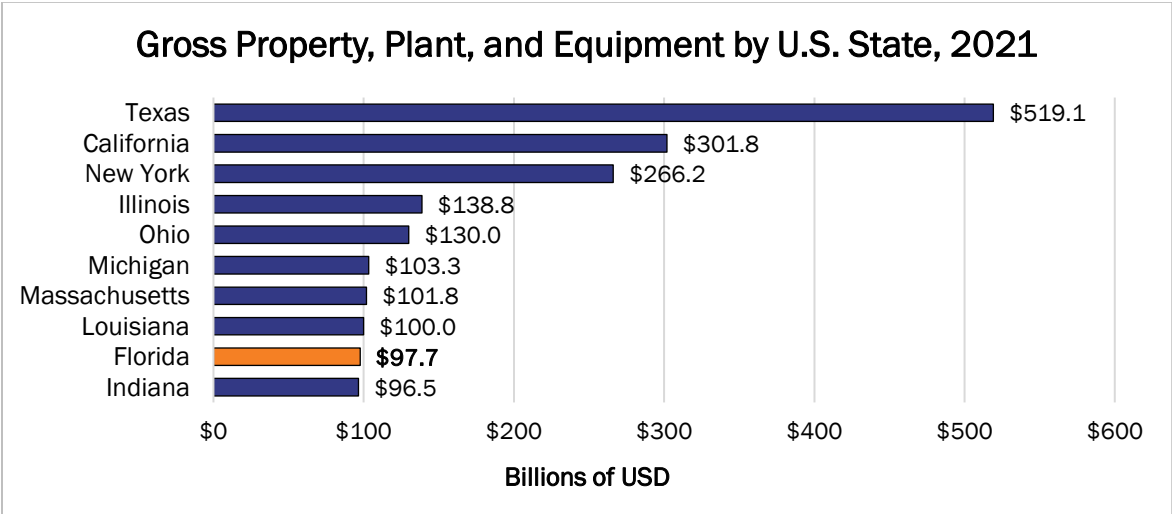
Gross PP&E Investments in Florida by Major Industry (2021)			
Industry of Affiliate	Investments (Millions of USD)	Share of Total Investments	U.S. Ranking
Manufacturing	\$21,307	24.3%	19
Real Estate and Rental and Leasing	\$14,118	16.1%	3
Wholesale Trade	\$7,372	8.4%	12
Retail Trade	\$7,170	8.2%	4
Finance and Insurance	\$7,095	8.1%	5
Information	\$5,666	6.5%	6
Professional, Scientific, & Technical Services	\$829	0.9%	12
All Other	\$24,160	27.5%	3
Total	\$87,716	100.0%	8

Employment and Gross Property, Plant, and Equipment (PP&E) Investments at ALL Foreign-Owned Affiliates in Florida, 2021

1. State-by-state Comparison:



- When considering *all* foreign-owned affiliates – and not just majority foreign-owned affiliates – Florida ranked **1st in the Southeast** and **5th in the U.S.** with a total of **417,300 jobs** supported by all foreign-owned firms in 2021. With an increase of nearly 15,000 jobs year-over-year, Florida had the 3rd largest increase in employment in the U.S. Over the past ten years, Florida has grown 60 percent in the number of jobs supported by all foreign-owned firms.



- The Bureau of Economic Analysis reported that the value of gross property, plant and equipment at all foreign-owned affiliates in Florida grew 4.5 percent in 2021, up from \$93.5 billion a year before. Florida ranked **1st in the Southeast** and **9th in the U.S.** in 2021, with **\$97.7 billion** in gross property, plant, and equipment.

First-Year Expenditures by Foreign Direct Investors, 2022

- The Bureau of Economic Analysis reports that “first-year expenditures” by foreign direct investors to acquire, establish, or expand businesses in Florida were **\$9.1 billion** in 2022, an increase of more than \$2.5 billion from the year prior.
- The state of Florida ranks **1st in the Southeast** and **6th in the U.S.** for first-year expenditures by foreign direct investors in 2022.
- Of these expenditures, the majority, or \$8.8 billion, were Florida businesses that were acquired, as opposed to newly established or expanded.
- The U.S. first-year expenditures by foreign direct investors overall fell significantly in 2022, more than halving from a 2021 total of \$362.6 billion to \$177.5 billion in 2022.

Sources

Foreign Direct Investment

- U.S. Department of Commerce, Bureau of Economic Analysis, [“Activities of U.S. Affiliates of Foreign Multinational Enterprises \(MNEs\).”](#) Data released August 2023.
- U.S. Department of Commerce, Bureau of Economic Analysis, [“New Foreign Direct Investment in the United States.”](#) Data released July 2023.



Appendix

Definitions

The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) defines the following terms:

- Foreign direct investment in the U.S. (FDIUS) is the ownership or control, directly or indirectly, by one foreign person (foreign parent) of at least *10 percent* of the voting securities of an incorporated U.S. business enterprise (U.S. affiliate), or the equivalent interest in an unincorporated U.S. business enterprise, including a branch. Also known as inward direct investment. This includes investment of foreign assets into domestic structures, equipment, and organizations. FDI is distinct from foreign portfolio investment (FPI), i.e., ownership of stocks, bonds, or other financial assets.
- A U.S. affiliate is a business enterprise in which there is foreign direct investment—that is, in which a single foreign person, or entity, owns or controls, directly or indirectly, *10 percent* or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise.
- A majority-owned U.S. affiliate is one in which the combined ownership of all foreign parents exceeds *50 percent*.
- Employment refers to the number of full-time and part-time employees on the payroll at yearend.
- Property, Plant, and Equipment (PP&E) consists of land, mineral rights, buildings, structures, machinery, and equipment (production, office, and transportation equipment). This measure records the value of PPE before the deduction of accumulated depreciation and depletion.

National vs. State Measurements of FDI

Foreign direct investment (FDI) at the national level is usually measured in FDI stock (total amount) or FDI flow (covering a specified time period). FDI stock aggregates the equity investments made by a parent company to its affiliate, an affiliate's reinvested earnings, the outstanding intercompany (parent-affiliate) loans and debt instruments, and other changes in the volume and valuation of investments. However, at the state level, BEA does not report on FDI stock or flow. Instead, BEA provides the state-level employment and gross PP&E activities of the affiliates of foreign multinational enterprises, which, although not equivalent to nor a direct component of national standards for FDI measurement, is nonetheless a strong indicator of long-term capital investments made by foreign-owned firms in the state of Florida.