

- Mission: Facilitate business investment in the United States in order to support **job creation, spur economic growth, and promote American competitiveness.**
- Established through executive order in 2011. Primary U.S. government-wide initiative to promote and facilitate business investment in the United States
- Housed in the International Trade Administration at the U.S. Department of Commerce - leverages staff in 72 markets around the world
- Geographically neutral in the United States
- Clients: Firms and U.S. Economic Development Organizations (EDOs)

# About SelectUSA

SelectUSA was created by the Executive Order of the President of the United States in June 2011.

The Executive Order outlines:

1. The Administration's policy on business investment
2. The establishment and functions of the SelectUSA initiative

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## Presidential Documents

Executive Order 13577 of June 15, 2011

### Establishment of the SelectUSA Initiative

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to support private-sector job creation and enhance economic growth by encouraging and supporting business investment in the United States, it is hereby ordered as follows:

**Section 1. Policy.** Business investment in the United States by both domestic and foreign firms, whether in the form of new equipment or facilities or the expansion of existing facilities, is a major engine of economic growth and job creation. In an era of global capital mobility, the United States faces increasing competition for retaining and attracting industries of the future and the jobs they create. My Administration is committed to enhancing the efforts of the United States to win the growing global competition for business investment by leveraging our advantages as the premier business location in the world.

As a place to do business, the United States offers a hardworking, diverse, and educated workforce, strong protection of intellectual property rights, a predictable and transparent legal system, relatively low taxes, highly devel-

## **II. Overview of FDI in the United States**

# FDI Impacts the U.S. Economy

**#1** → The United States is the largest recipient of foreign direct investment in the world.

**16% of U.S. Exports** → In 2011, U.S. subsidiaries of foreign-owned firms accounted for 16 percent of all U.S. goods exports.

**~6 million U.S. jobs** → In 2011, subsidiaries employed 5.6 million U.S. workers.

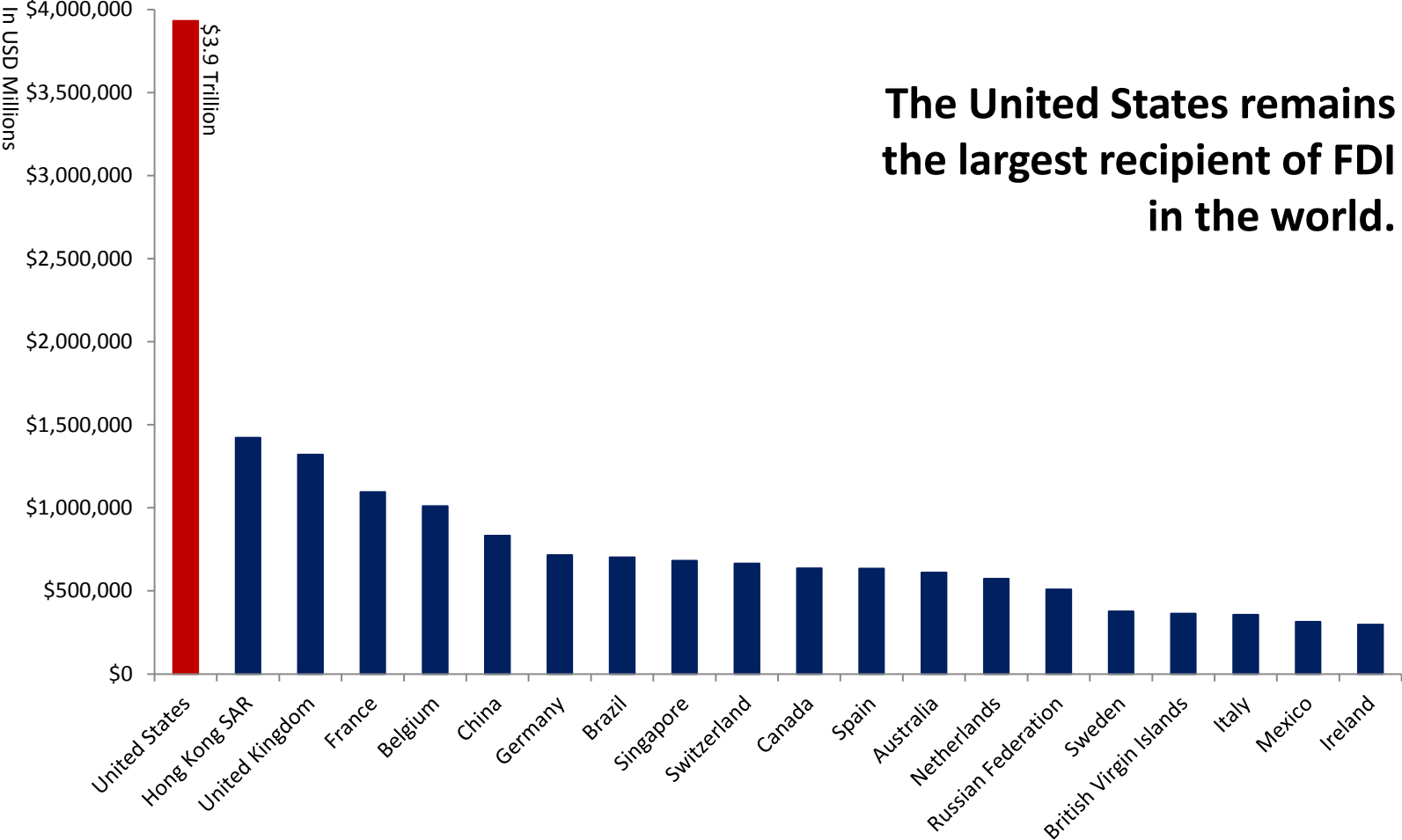
**Average annual wage  
\$77,600** → In 2011, subsidiaries contributed \$437.8 billion in wages to U.S. employees

**R&D Investments** → In 2011, subsidiaries invested \$45.2 billion in research and development in the United States

**Investments in  
Fixed Assets** → In 2011, subsidiaries owned \$1.6 trillion in gross property, plant, and equipment (PP&E). They invested more than \$177 billion in PP&E improvements in one year, alone.

Sources: Bureau of Economic Analysis; UN Conference on Trade & Development

# Global FDI Trends



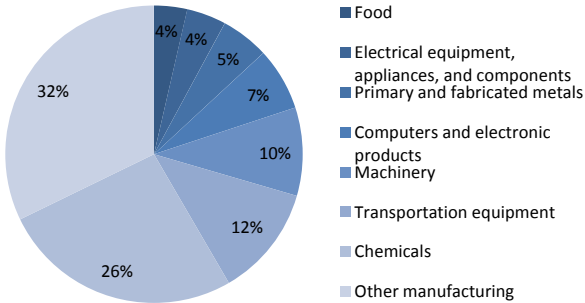
20 largest country recipients by FDI stock in 2012; Currency displayed at current market value.  
Source: UN Conference on Trade and Development

# FDI in the United States

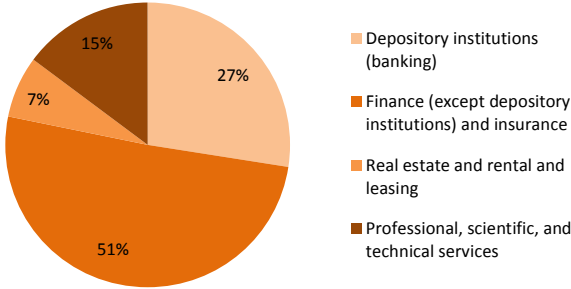
by Industry, 2012



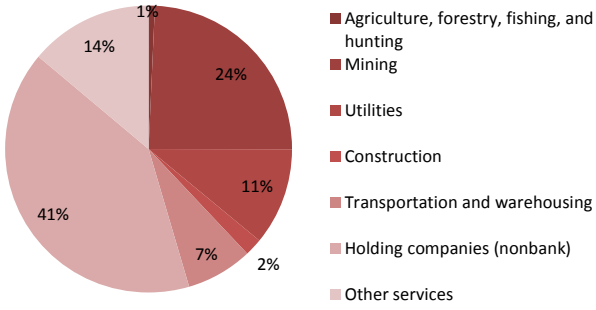
**FDI Position in Manufacturing, 2012:**  
898.9 billion USD



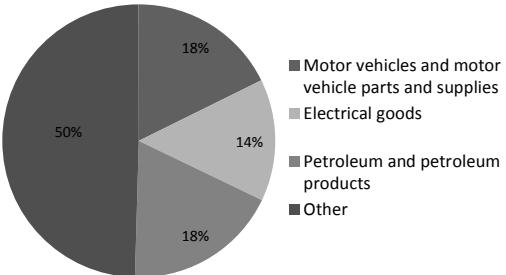
**FDI Position in Services, 2012:**  
721.1 billion USD



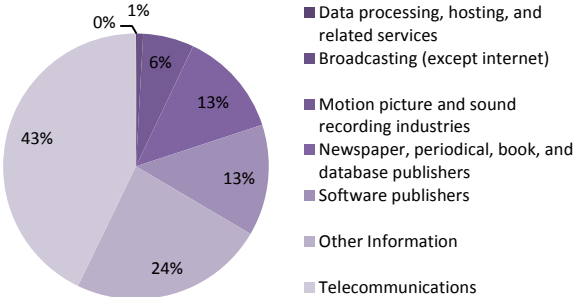
**FDI Position in Other Industries, 2012:**  
562.8 billion USD



**FDI Position in Wholesale Trade, 2012:**  
292.4 billion USD



**FDI Position in Information, 2012:**  
123.8 billion USD



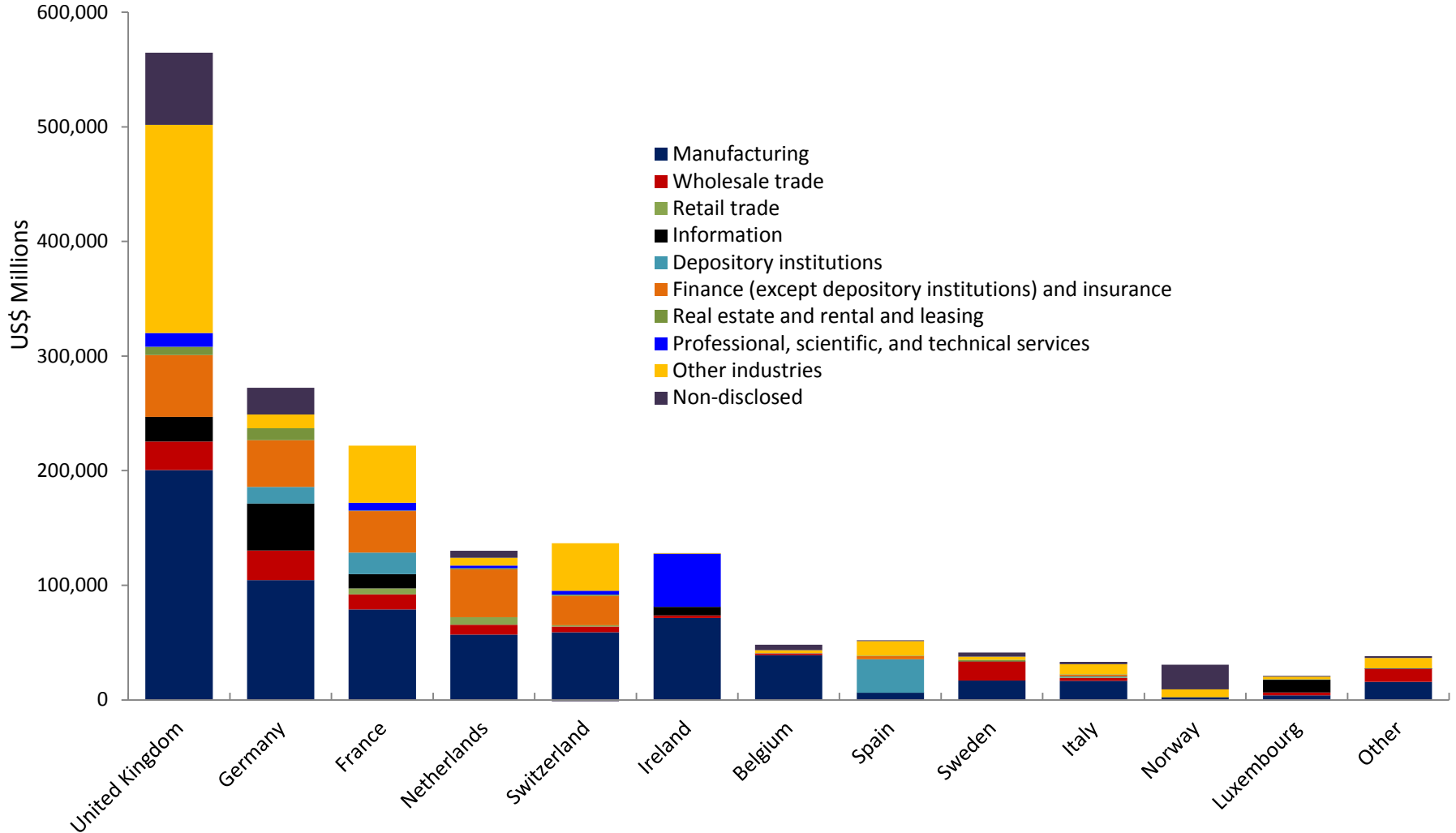
**FDI Position in Retail Trade, 2012:**  
51.7 Billion USD



Source: U.S. Bureau of Economic Analysis

# U.S. FDI Trends - Europe

The Stock of FDI from Europe to the United States was \$1.7 trillion in 2012



Source: Department of Commerce, Bureau of Economic Analysis

## Latvian FDI in the U.S.



VALMIERA GLASS®

Valmieras Glass is one of the largest chemical and textile manufacturers in the Baltic States, with a turnover of €71 million. Exports account for 96% of its sales to 36 countries, including the US.



JZ Microphones is a new manufacturer of high quality microphones whose products are in use in top recording studios and by internationally renowned recording artists.



Real Sound Lab invented a successful technology for measuring and equalizing loudspeakers, which it now licenses worldwide, including to Panasonic. It has offices in the US, Taiwan, Korea, and Japan



## **III. Attractiveness of U.S. Investment Climate**

# A Global Center for Innovation and Entrepreneurship



**#1**

World Economic Forum's 2010-2011 Global Competitiveness rankings for Innovation

**8**

The U.S. is Home to Eight of the Top Ten "Knowledge Economy" Regions of the World

**22**

Among *Business Week's* Top 50 Information Technology companies, 22 are U.S. firms

**565,000**

In 2010, an average of 565,000 new businesses were created in the U.S. per month

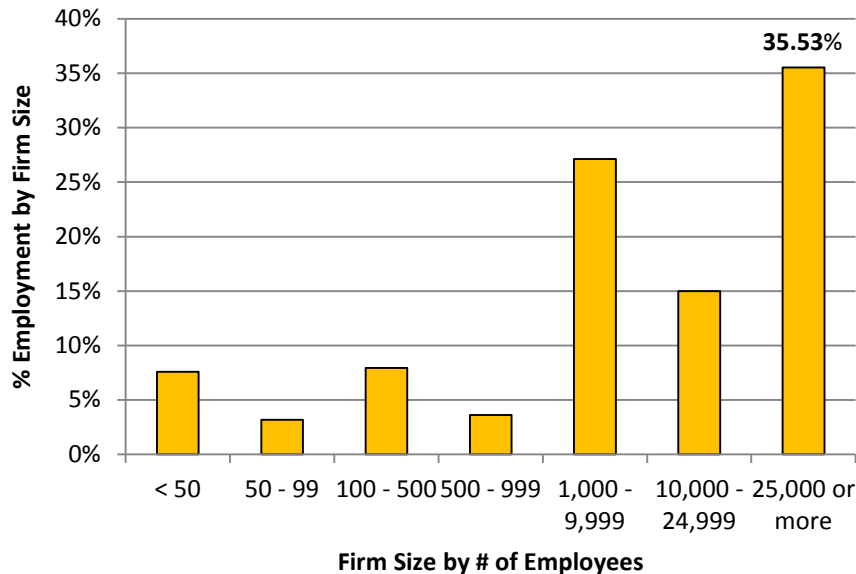
*Sources:* World Economic Forum; World Knowledge Competitiveness Index 2008 (Centre for International Competitiveness); National Science Foundation Science and Engineering Indicators 2010; Kauffman Index of Entrepreneurial Activity 1996-2009;

# Research and Development in the United States

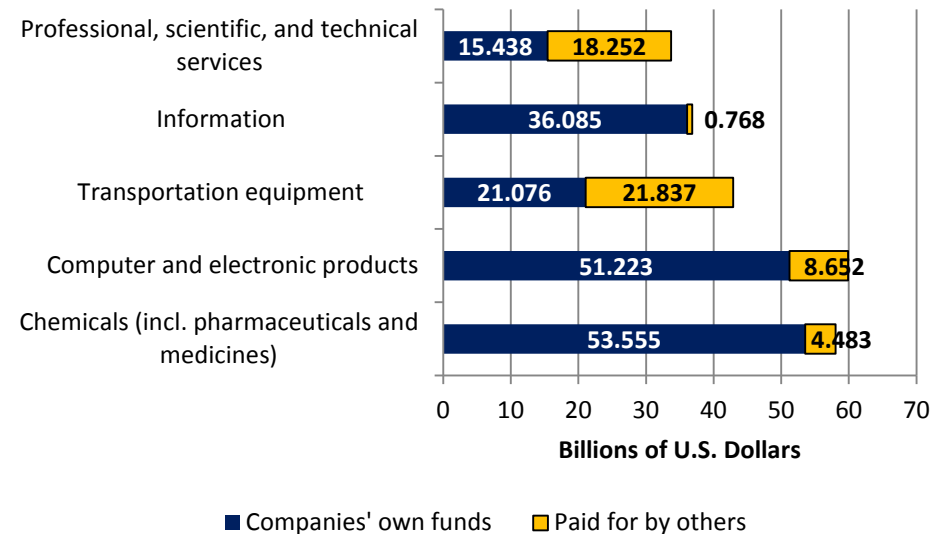


In recent years, firms have invested nearly \$300 billion annually in research and development across the United States and employed 282,000 U.S. workers.

**% R&D Investment in the United States by Firm Size in # of Employees, 2010**



**R&D in the United States by Industry and Source of Funds, 2010**



Source: The National Science Foundation

# Transparent Legal System and IPR Protection



- The advanced legal system in the United States provides transparency, predictability, and flexibility.
- This system resolves disputes quickly, often before significant expense is incurred.
- It also makes the United States the world's leader in protecting intellectual property rights.

# U.S. Free Trade Agreements

The United States has Implemented or Entered into Force 19 Free Trade Agreements – With a Combined Population of Over 700 Million Consumers

Year Entered into Force	FTA Signatory Markets	Signatory's 2012 Nominal GDP* (million USD)
1985	Israel	240,900
1994	NAFTA: Canada, Mexico, United States	2,376,000
2004	Chile	268,200
2004	Singapore	276,500
2005	Australia	1,542,000
2006	Bahrain	27,030
2006	Morocco	97,530
2007	Peru	199,000
2009	CAFTA – DR: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Dominican Republic, United States	206,730
2009	Oman	76,460
2010	Jordan	31,210
2011	Colombia	366,000
2011	Panama	36,250
2012	South Korea	1,156,000
Proposed: TPP	Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, Vietnam	11,873,630
Proposed: TTIP	European Union and United States	16,417,100

\*U.S. nominal GDP was \$15.7 trillion in 2012.

Source: CIA World Factbook

Source: Office of the U.S. Trade Representative

## **IV. Selected Industrial Sectors**

# U.S. Manufacturing Resurgence



## Low Manufacturing Costs

- By 2015, average U.S. manufacturing costs estimated to be 21 percent lower than Japan, and 15% lower than France and Germany

## Productive & Skilled Workforce

- 41 percent of U.S. workforce between ages 25 – 64 attain higher level education
- Over 1.5 million U.S. manufacturing workers are classified as high-skilled

## Labor Cost & Flexibility

- 2015 productivity-adjusted wages are projected to be 1.3 – 1.9 times lower than developed labor markets like France, Germany, Italy, Japan, and UK
- Labor market flexibility in U.S. greater than most other OECD countries

## Input Costs

- The cost of energy has significantly declined, lowering input costs like utilities, processing, raw materials, and logistics
- Underutilized ports lower shipping costs for U.S. manufacturers

## Policy Support

- Several federal initiatives/ programs to support manufacturing
  - Make it in America Challenge (EDA)
  - NIST –MEP program



Source: Hyundai Motor Manufacturing Alabama

Sources: Boston Consulting Group, September 2012; U.S. Department of Commerce Office of Manufacturing and Services

# U.S. Strengths in ICT



Photo source: [knowledgeminor.net](http://knowledgeminor.net)



Photo source: [123rf.com](http://123rf.com)

- The U.S. has the most advanced software and information technology services industry in the world
- In 2011, the U.S. was ranked as the world's most competitive country in IT, according to the Economist Intelligence Unit's *IT Industry Competitiveness Index*
- The industry has increased its revenue by 4 percent each year for the past 10 years to \$551 billion in 2010
- There are more than 100,000 software and IT service companies in the United States
- International companies have shown a keen interest in the U.S. ICT market because of its strong intellectual property rights laws and enforcement

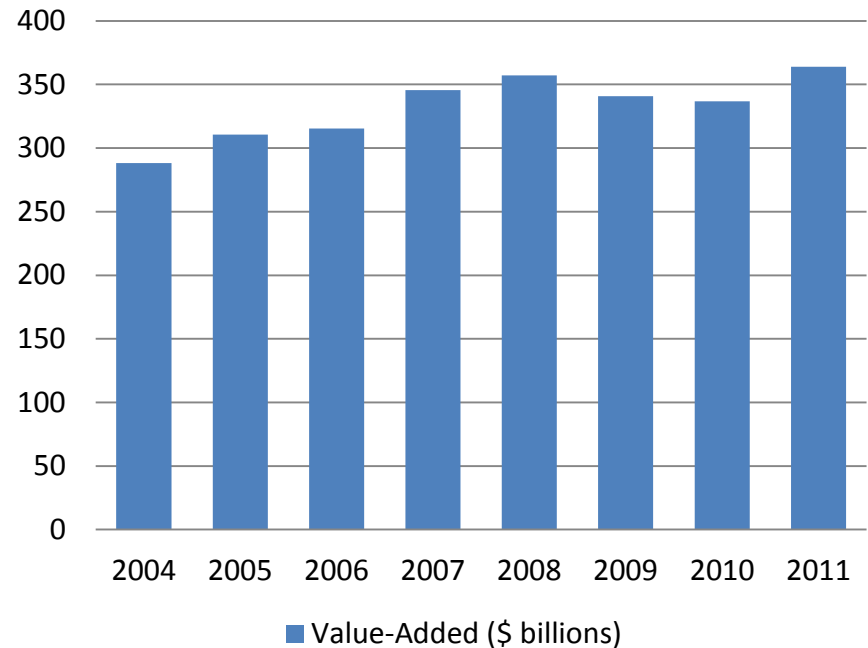


# U.S. Strengths in ICT (cont'd.)

## ICT Industry Overview

- Information and communications technology industries in the U.S. jumped by 16.3 percent in 2010.
- In 2009, the ICT industry contributed \$1 trillion to U.S. GDP, or 7.1% of GDP, including \$600 billion from the sector itself
- From 2009-2010, total ICT expenditures increased by 3.1% to over \$2.6 billion
- Sector added 7,637 new jobs in 2012
- Value-added by ICT sector has increased by 26% from 2004-2011

Value-added by Industry - ICT Sector (2004-2011)



# Recent ICT Investments Projects in the ICT Sector



Samsung Austin Semiconductor invested \$3.6 billion last year to expand the capacity of its chip fabrication complex

CGI Group has invested \$7 million into a new information and technology center located in Belfast, Texas



Hoenigsberg & Düvel, which specializes in offering services and software to the automotive sector, is investing \$600,000 in the city of Chattanooga, NC

# U.S. Strengths in Renewable Energy



## Attractive Market

- Ernst & Young ranked the U.S. as one of the top markets for opportunities in renewable energy, and received the top ranking for several renewable energy subsectors including:
  - Solar Photovoltaic
  - Concentrated Solar Power
  - Geothermal
- The United States produced more wind power last year than any other country except China – surpassing the 50,000 MW threshold for the first time in 2012.
- Many of the world's largest wind turbine manufacturing companies have operations in the United States, including foreign-owned companies Vestas, Gamesa, and Siemens. As a result, the United States is home to one of the most competitive, innovative, and diversified wind energy supply chains.

## High Investment Trend

- Over 194 investment projects have been announced in the U.S. since 2003
- Capital expenditures in announced U.S. renewable energy projects are over \$18B

## Policy Support

- In 2012, the U.S. Department of the Interior announced the establishment of 17 solar deployment zones in 6 states that will become priority areas for new solar projects to benefit from faster permitting procedures



Source: U.S. Department of Energy

## **V. Nature of Investing in the U.S. & SelectUSA Services**

# Nature of Investing in the United States: State, Local & Regional EDOs



## State



## Regional

GREATER WASHINGTON  
INITIATIVE

Regional Economic Development

Washington, DC | Maryland | Virginia



GREATER HOUSTON PARTNERSHIP  
houston.org

## Local

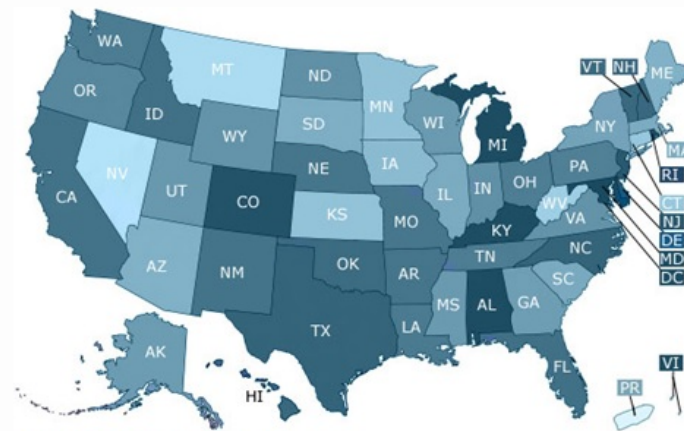


# State Business Incentives

- U.S. states and territories offer financial and other incentives to foreign investors.
- To easily browse state investment promotion agencies and learn more about available incentives, simply visit <http://selectusa.commerce.gov/>.

## Browse Business Incentives Offered by States & Territories

Each state and territory offers its own unique set of incentives for business investment. Browse the offerings by clicking on the map or state/territory name below.



## List of State Names and Territories

Alabama	Idaho	Montana	Puerto Rico
Alaska	Illinois	Nebraska	Rhode Island
American Samoa	Indiana	Nevada	South Carolina
Arizona	Iowa	New Hampshire	South Dakota
Arkansas	Kansas	New Jersey	Tennessee
California	Kentucky	New Mexico	Texas
Colorado	Louisiana	New York	US Virgin Islands
Connecticut	Maine	North Carolina	Utah
Delaware	Maryland	North Dakota	Vermont
District of Columbia	Massachusetts	Northern Mariana Islands	Virginia
Florida	Michigan	Ohio	Washington
Georgia	Minnesota	Oklahoma	West Virginia
Guam	Mississippi	Oregon	Wisconsin
Hawaii	Missouri	Pennsylvania	Wyoming

# Federal Support Programs and Incentives

- Similarly, U.S. Government agencies manage many support programs and business incentives, from tax credits and grants to visa preference programs.
- SelectUSA maintains an easy-to-use database of specific programs at <http://selectusa.commerce.gov/investment-incentives>.



# Sample Federal Support Programs and Incentives

- **EB-5 Visa for Immigrant Investors** – EB-5 is a visa preference category that is available to immigrants seeking to enter the United States in order to invest in a new commercial enterprise that will benefit the US economy and create at least 10 full-time jobs.
- **Business Tax Credits in Renewal Communities (RCs) and Empowerment Zones (EZs)** – Special federal tax incentives exist for businesses that hire local residents, upgrade their equipment needs, and build or rehabilitate commercial property in specially-designated areas.
- **Renewable Energy Investment Tax Credit** – This credit reduces federal income taxes for qualified tax-paying owners based on capital investment in renewable energy projects.



# SelectUSA Services

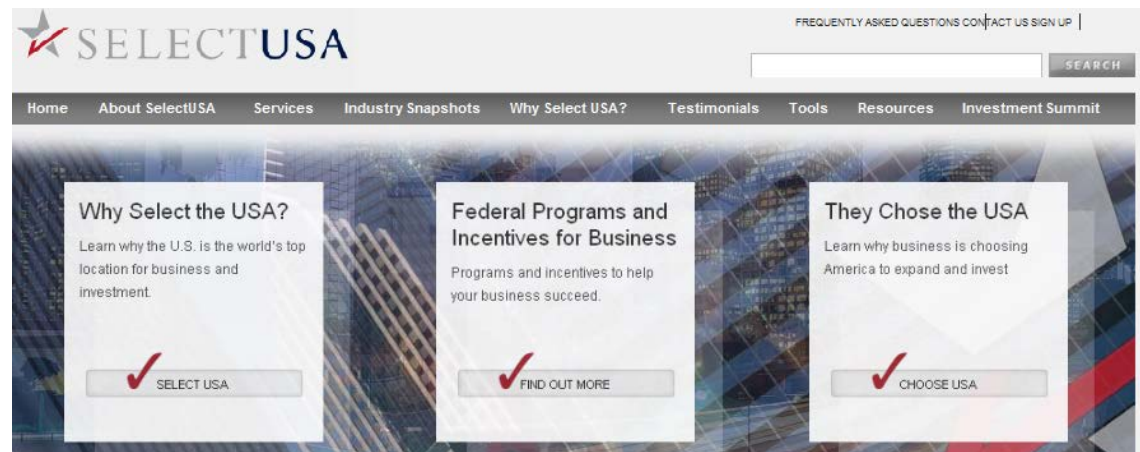


- ✓ Mission: Promote business investment in the United States
- ✓ Geographically neutral in the United States
- ✓ Housed in the U.S. Department of Commerce; Represented by the Commercial Service at U.S. Embassies and Consulates around the World
- ✓ Clients: Firms and U.S. Economic Development Organizations (EDOs)
- ✓ What we do:
  1. Facilitate Business Inquiries
  2. Act as Ombudsman and Advocate
  3. Connect Investors with State/Local EDOs and Provide Guidance to EDOs
  4. Conduct Investor Outreach and Educate Investors
  5. Lead and Coordinate an Interagency Working Group

# Information & Counseling

**SelectUSA provides actionable information and counseling to investors to help them...**

- Incorporate a business in the U.S.
- Understand basic U.S. tax and legal concepts
- Navigate federal rules or regulations
- Learn about incentives available to businesses in the U.S.
- Apply for a business-related visa
- Connect with U.S. state, city, or regional economic development offices to learn about investment opportunities



## Ombudsman Assistance

SelectUSA works across the federal government on a case-by-case basis to:

- Address foreign investor concerns and issues
- Connect with a federal agency/ office to seek insight into a specific case
- Offer to facilitate direct communication between the relevant federal agency and the client, as appropriate
- Identify federal regulations or processes to U.S. policy makers, that may negatively impact the U.S. business climate

Investor inquiries with SelectUSA are treated as business-confidential, and the **Ombudsman function is conducted by SelectUSA headquarters.**

